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MATT BLUNT  
GOVERNOR

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April 26, 2007

Director Patricia Secrest  
Division of Workers' Compensation  
Missouri Department of Labor and Industrial Relations  
3315 West Truman Boulevard  
Jefferson City, Missouri 65102-0058

Dear Director Secrest:

I am requesting that you begin the process immediately to have a complete actuarial study of the Second Injury Fund. This action is pursuant to section 287.220.6, RSMo, which requires an actuarial study every three years to determine the solvency of the fund.

I was disappointed in the scope and lack of recommendations in the recently released audit from the Missouri State Auditor. At the time I requested the audit we knew the fund was facing insolvency in 2008, and the Supreme Court's decision on Schoemehl would only accelerate the shortfall. Since 1994 expenditures have risen 340 percent, and saying revenues are not keeping pace is not a solution. We need solid facts and numbers so that we can determine what is driving this dramatic growth in expenditures and what can be done to better manage this program. In addition to revenues and the Schoemehl case, I ask that you also have the new study concentrate on expenditures, including increased benefit payments, lump sum settlements and administration costs.

The study should also provide an historical perspective since 1993 when the last major statutory revisions were made to the Second Injury Fund. Those legislative changes included adding a category of benefits for second job wage loss, establishing thresholds to qualify for Second Injury Fund permanent partial disability benefits, requiring the attorney general to use assistant attorneys general to provide legal services, and replacing the flat Second Injury Fund and Workers' Compensation Administrative Fund rates with a complicated formula that requires the Division to set surcharge and tax rates based on projections of revenues, balances, and expenditures.

Further, I ask that you have the new study examine the Workers' Compensation Administrative Fund as part of a possible contingency plan to address the pending Second Injury Fund insolvency. I ask that the results of this actuarial study be provided to me and the General Assembly no later than August 1, 2007.

Sincerely,

A handwritten signature of Matt Blunt in black ink, written over the word "Sincerely,".

Matt Blunt

# **Missouri Second Injury Fund**

**ACTUARIAL REVIEW**

**PricewaterhouseCoopers LLP  
Chicago, Illinois  
July 30, 2007**

July 30, 2007

Mr. Jeff Buker  
Missouri Division of Workers' Compensation  
3315 West Truman Boulevard  
Jefferson City, MO 65102

Dear Jeff:

Please find attached the PricewaterhouseCoopers LLP's (PwC) actuarial review of the Missouri Second Injury Fund.

PwC appreciates the opportunity to provide actuarial consulting services to the State of Missouri and to the Missouri Division of Workers' Compensation; we look forward to discussing this report with you at your convenience. If you have questions or comments please feel free to call Chris at 312-298-3223 or Don at 312-298-4014.

Sincerely,



Christopher P. Walker, FCAS, MAAA  
Principal



Donald P. Skrodenis, ACAS, MAAA  
Director

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## Introduction

### Purpose

The State of Missouri has asked PricewaterhouseCoopers LLP to provide an actuarial report on its Second Injury Fund (SIF) program. The main objectives of this report are to provide the following:

- Projection of funding requirements for calendar years 2008-2012 and solvency of the SIF;
- The impact of the January 2007 Missouri Supreme Court decision in *Schoemehl v. Treasurer of the State of Missouri* on expected future claim payments;
- An historical perspective of the regulatory, legal and industry change, as they impact the SIF;
- An examination of the Workers' Compensation Administrative Fund (WC Fund) as a possible source of funding in the case of SIF insolvency;
- An analysis of the dramatic increases in expenditures since 1994; and
- Identification of strengths and weakness in the funding program.

### Background

The SIF was created in 1943 to benefit the physically handicapped and individuals with previous work-related injuries. The legislature established the SIF to encourage the employment of previously injured or disabled individuals without exposing employers to liability from previous disabilities. In the 1950's, the SIF served to allow employers to hire veterans with disabilities without concerns of potentially shouldering very high costs in the case of work-related injuries.

When an employee sustains a compensable work injury and the combined effect of the work-related injury and the previous injury or disability results in permanent total disability (PTD) or permanent partial disability (PPD), the employer at the time of the current injury is only liable for compensation resulting from that injury. The additional compensation due to the employee over and above the current injury is paid from the SIF. The SIF also pays death, rehabilitation, indemnity, and medical benefits in certain situations (primarily when the employer is uninsured); however, over 98% of benefits paid are related to PTD and PPD cases.

The SIF is funded by a surcharge assessed on insurance companies and self-insurers. The surcharge is a percent of assessable premiums, with payments made to the SIF four times a year (within 30 days of the end of each quarter). For insurers, assessable premiums for a particular calendar year are written premiums before the application of a deductible credit on policies with inception dates in that calendar year. For self-insurers, assessable premiums are based on payrolls and estimated pure premiums (losses per payroll), with an experience rating modification. The surcharge rate is based on expected calendar year losses. As of August 2005, this surcharge rate is capped at 3%.

The surcharge rate is reviewed prior to the calendar year in question by the Department of Labor and Industrial Relations (DOLIR). The funding formula forces the SIF to be funded on a prospective "pay as you go" basis. The program is "prospective" in that the assessable premium base and paid expenses (claim payments and administrative costs) for future calendar years are projected in advance, and these estimates are used in setting the surcharge rate. The program is "pay as you go" in that funding only assesses payments to be made in the next calendar year; no provision for the ultimate cost of claims incurred (whether reported or not) is made in the funding review.

While the DOLIR administers the program and the State Treasurer is custodian of the fund, the Attorney General's Office (AGO) is responsible for defending the fund in claim situations. The current number of AGO positions assigned to the SIF program is forty, comprised of one Chief Counsel, one Deputy Chief Counsel, seven Unit Chiefs, and 31 Assistant Attorneys General. The appropriations in fiscal year 2007 from the fund to the State Treasurer and AGO are expected to be \$60,348 and \$3.8 million, respectively. There are no earmarked funds to DOLIR for the specific administration of the SIF.

In January 2007, the Missouri Supreme Court ruled in *Schoemehl* that if an injured employee receiving PTD claims from the SIF dies of causes unrelated to his work injury, surviving dependents have the right to receive the PTD payments.

Finally, in recent years, reported claims, pending files, and payments made with regard to the SIF have significantly increased. The Missouri State Auditor, in Report no. 2007-19, has estimated that the SIF fund balance will become negative in mid-2008, resulting in the insolvency of the SIF. The reported fund balance as of May 31, 2007 is \$35.2 million, which is an increase over the fund balance at the end of 2006 of \$29.4 million. However, while loss payments are generally evenly spaced throughout the year, historical monthly collections though May are higher than 5/12ths of a year's collections.

#### Conditions and Limitations

This report has been prepared for the State of Missouri's use, as stated in the agreed upon contract. Any other use or distribution of this report is prohibited without the prior written consent of PricewaterhouseCoopers LLP.

In this report, we relied upon loss experience and premium information provided by the Missouri Department of Insurance, Department of Labor and Industrial Relations, National Council on Compensation Insurance, Attorney General's Office, State Auditor's Report No. 2007-19 and other industry sources. We have not audited this data and are not responsible for its accuracy. As with any actuarial analysis, the accuracy and relevance of the conclusions depend upon the accuracy and relevance of the underlying data.

The actuarial projections in this report are estimates and, as such, are subject to variability. This potential for variability is due to the fact that not all of the factors affecting the projections have taken place and cannot be evaluated with certainty. These factors include, but are not limited to, potential legislative reform, future inflation and future judicial proceedings. Our projections are based upon the historical experience of the SIF. We have not anticipated any extraordinary changes in the various factors that might affect the future cost of claims except as stated in our report. However, we have used methods that we believe produce reasonable results given current information. There is no guarantee, either expressed or implied, that losses will develop as projected in this report.

## Executive Summary

### Assessment of the Solvency of the Second Injury Fund

Our assessment is that it is likely the SIF will reach a negative balance in 2009. While we estimate that it will be viable longer than the State Auditor's Report no. 2007-19, we anticipate that a negative balance will occur in 2009 and that the SIF will experience declining fund balances throughout 2012. This assumes that the maximum rate of assessment is maintained at 3%.

Assuming that claims presented to the SIF are resolved in a manner consistent with the SIF's history (similar average claim resolution rates, average lump sum payments, similar distribution of PPD/PTD/denied claims), it does not appear that there are many avenues available to avert the insolvency short of increasing the maximum rate of assessment. Tapping into the Workers' Compensation Administrative Fund (WC Fund) could supply additional funding; however, we understand that any amounts loaned from the WC Fund are required to be paid back by the end of the following year.

We note that decreasing the lump sum settlement authority may also decrease the current expenditure cash flow; however, most lump sum claims settle for much less than \$60,000 (see Table 9), so the effect of lowering the settlement authority may be insignificant.

Discontinuing the SIF would still leave the fund responsible for hundreds of millions of dollars of liabilities that would need to be paid over the course of decades. Finding a reinsurer to assume the SIF's liabilities would probably be difficult and would also demand a large upfront payment of hundreds of millions of dollars, and any plan that would cut off the liabilities of the SIF as of any particular calendar date would likely meet considerable opposition by the insurance industry and self-insureds.

### Projected Assessable Premium Base

As seen in Tables 2a and 2b, the SIF is projected to become insolvent during 2009 based on the 3% rate cap and continued increases in average claim resolutions.

Our estimates for the SIF's future assessable premium base are summarized in the following table. Assessable premiums include contributions from both insurance companies and self-insurers. Historical premium base values are shown in Table 6.

<b>Table 1: Projected Assessable Premium Base</b>	
<b>Calendar Year</b>	<b>Total Premium Base (000s)</b>
2007	\$2,084,814
2008	2,164,036
2009	2,246,270
2010	2,331,628
2011	2,420,230
2012	2,512,199

These estimates were made from a review of a variety of sources from the Department of Insurance, Department of Labor and Industrial Relations, US Bureau of Labor Statistics, and insurance company Annual Statement filings.

These estimates are highly variable; the actual assessable premium base is subject to the currents of the primary insurance market, which we understand to currently be quite competitive.

### Projected Fund Balances

By October 31 of each year, the Director of the Missouri Division of Workers' Compensation must set the SIF surcharge rate for the upcoming calendar year. The surcharge, when applied to the prior calendar year assessable premium base, should generate 110% of the projected fund expenditures to be paid during the upcoming calendar year, minus the projected beginning SIF balance. The indicated surcharge is rounded up to the nearest one-half percentage point, subject to a cap of 3%. For example, assume that for the upcoming calendar year the projected beginning balance of the fund is \$10,000, the projected fund expenditures are \$30,000 and the assessable premium base is \$1,000,000. The revenue needed is \$23,000, equal to 110% of the projected expenditures, or \$33,000, minus the beginning balance of \$10,000. The indicated surcharge equals the revenue needed divided by the assessable premium base, or 2.3%. Rounded up to the nearest one-half percentage point, the surcharge for the next calendar year is 2.5%.

Given the actual SIF balance as of January 1, 2007, and the expected continued growth of average claims, our projections of future revenues and expenditures resulted in the surcharge cap of 3% for calendar years 2008-2012 with the fund becoming insolvent during 2009. The claim growth assumed is documented in the Appendices on page "PTD - 2" and page "PPD + PTD LS - 2" for PTD and PPD claims, respectively.

The following table summarizes our projections of the SIF fund balance, exclusive of the *Schoemehl* decision. The closing balance at each year end is equal to the year's opening balance, plus revenues during the year (primarily SIF assessments from insurers and self-insurers), less expenditures (primarily payments to claimants).

<b>Table 2a: Projected Second Injury Fund Balance as of December 31, 2007-2012 (Excludes the Impact of the <i>Schoemehl</i> Decision, Assessments Capped at 3%)</b>						
	2007	2008	2009	2010	2011	2012
Opening Balance	\$29,436,010	\$17,865,295	\$4,505,898	\$(10,861,364)	\$(28,824,602)	\$(48,989,005)
Revenues	64,014,248	65,942,727	67,755,527	70,287,334	72,962,315	75,739,148
Expenditures	75,584,963	79,302,125	83,122,788	88,250,572	93,126,718	98,803,463
Closing Balance	17,865,295	4,505,898	(10,861,364)	(28,824,602)	(48,989,005)	(72,053,321)



The following table is identical to the table above, except that we have included the effects of *Schoemehl* in our estimates. As one can see, we anticipate that *Schoemehl* will have a very minor effect on cash flows and SIF balances through 2012; the increased costs due to *Schoemehl* will be recognized (that is, begin to be paid) at the end of the original claimants' PTD awards.

<b>Table 2b: Projected Second Injury Fund Balance as of December 31, 2007-2012 (Includes the Impact of the <i>Schoemehl</i> Decision, Assessments Capped at 3%)</b>						
	2007	2008	2009	2010	2011	2012
Opening Balance	\$29,436,010	\$17,865,295	\$4,297,656	\$(11,532,407)	\$(30,265,562)	\$(51,528,593)
Revenues	64,014,248	65,942,727	67,753,444	70,287,334	72,962,315	75,739,148
Expenditures	75,584,963	79,510,367	83,583,507	89,020,489	94,225,345	100,285,380
Closing Balance	17,865,295	4,297,656	(11,532,407)	(30,265,562)	(51,528,593)	(76,074,825)

Table 2c shows the indicated SIF surcharge rate if the 3% cap is ignored and a closing balance of no less than \$0 is targeted.

<b>Table 2c: Projected Second Injury Fund Balance as of December 31, 2007-2012 (Excludes the Impact of the <i>Schoemehl</i> Decision, Target \$0 Fund Balance)</b>						
	2007	2008	2009	2010	2011	2012
Opening Balance	\$29,436,010	\$17,865,295	\$0	\$0	\$0	\$0
Revenues	64,014,248	61,436,829	83,122,788	88,250,572	93,126,718	98,803,463
Expenditures	75,584,963	79,302,125	83,122,788	88,250,572	93,126,718	98,803,463
Closing Balance	17,865,295	0	0	0	0	0
SIF Surcharge	3.00%	2.79%	3.69%	3.77%	3.83%	3.92%

#### Nominal and Present Value Liabilities

The following tables reflect our estimates of the liabilities of the SIF at various years' end. These liabilities can be interpreted as estimates of the total cost to pay off the obligations of the SIF if it were not to accept any new claims with accident dates after the stated calendar year. For example, if SIF did not accept claims in which the date of the injury were after December 31, 2008, the cost to pay off claims with accident dates December 31, 2008 and prior would be \$992 million. The liabilities in the table below do not include provisions for AGO expenses nor other administrative functions.

The "Present Value Liabilities" adjusts reserves to reflect the time value of money at an interest rate of 4%. For example, as of year end 2007, if \$605 million were placed in an account earning 4% interest per year, the initial balance and interest earnings would be sufficient to pay the \$930 million in liabilities over the anticipated payment period.

We note that the amount of discount, or the relationship between the "Present Value" and the "Nominal" liabilities, is very high. This is because a majority of the liabilities are relate to lifetime PTD payments, and these claims have extremely long anticipated payment schedules that are essentially over the lifetime of the claimant.

<b>Table 3a: Nominal and Present Value Liabilities as of December 31, 2007-2012 (Excludes the Impact of the <i>Schoemehl</i> Decision)</b>		
Calendar Year	Nominal Liabilities	Present Value Liabilities
2007	\$930,288,704	\$604,701,758
2008	991,901,000	643,877,912
2009	1,056,490,276	685,157,912
2010	1,123,087,617	727,505,431
2011	1,192,300,146	771,442,845
2012	1,263,700,932	816,451,415

<b>Table 3b: Nominal and Present Value Liabilities as of December 31, 2007-2012 (Includes the Impact of the <i>Schoemehl</i> Decision)</b>		
Calendar Year	Nominal Liabilities	Present Value Liabilities
2007	\$1,106,709,855	\$736,084,833
2008	1,186,312,012	799,661,234
2009	1,269,640,698	867,125,865
2010	1,355,725,452	937,514,622
2011	1,445,212,095	1,011,466,164
2012	1,537,680,534	1,088,550,338

### Fund Expenditures

The following tables are presented to illustrate the distribution of SIF payments by claim type. There are relatively few PTD claims in the system; however, they are the costliest claims. These claims are not often settled by lump sum payment; however, almost without exception PPD claims settlements are made on a lump sum basis. PTD and PPD claims constitute over 98% of claim payments.

<b>Table 4a: Fund Expenditure Distribution by Benefit Type as of December 31, 2007-2012</b>						
	2007	2008	2009	2010	2011	2012
PTD (excluding lump sum payments)	30.87%	32.77%	33.51%	34.50%	34.93%	35.87%
PTD lump sum payments & PPD	67.62%	65.76%	65.04%	64.10%	63.68%	62.76%
Medical	0.76%	0.75%	0.74%	0.73%	0.72%	0.73%
Lost Wages	0.45%	0.43%	0.42%	0.41%	0.40%	0.40%
Death	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%
Rehabilitation	0.25%	0.25%	0.24%	0.23%	0.22%	0.21%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

<b>Table 4b: Fund Expenditures by Benefit Type as of December 31, 2007-2012</b>						
	2007	2008	2009	2010	2011	2012
PTD (excluding lump sum payments)	\$21,873,960	\$24,374,662	\$26,143,641	\$28,611,562	\$30,604,068	\$33,379,947
PTD lump sum payments & PPD	47,917,184	48,907,066	50,735,311	53,163,802	55,792,098	58,413,726
Medical	539,026	557,383	580,764	603,239	634,319	677,729
Lost Wages	315,432	319,970	327,837	336,460	351,840	369,768
Death	35,000	35,000	35,000	35,000	35,000	35,000
Rehabilitation	178,957	183,154	185,928	188,453	190,859	193,142
Total	70,859,558	74,377,233	78,008,482	82,938,517	87,608,185	93,069,312

### Schoemehl v. Treasurer Supreme Court Decision

In January 2007, the Missouri Supreme Court ruled in *Schoemehl v. Treasurer of the State of Missouri* that if an injured employee receiving PTD claims dies of causes unrelated to his work injury, surviving dependents have the right to receive the PTD payments. We assumed that a claimant's dependent(s) would only be affected by the decision if the claimant died of a cause unrelated to the PTD after the decision was handed down, meaning no retroactive payments would be made.

Our analysis of the long-term affects on the SIF was based on the number of PTD claims in the system, their average payments, and the difference in mortality between a single life and two lives,

assuming one male and female. Though claimant marital status was provided, the age of a claimant's spouse was not available. Based on a 2006 US Census Bureau population survey, we assumed that, on average, a husband is two years older than his wife.

The data used in our analysis did not indicate whether or not the claimant was alive and receiving payments or if the claimant was dead and his or her dependents were receiving payments. We assumed that all PPD and PTD payments, excluding lump sum settlements, were being paid to the claimant at the time of this report. This assumption results in a conservative estimate of the impact of the *Schoemehl* decision because expected future payments are higher if the claimant and the claimant's spouse are still alive rather than just the spouse.

Due to the *Schoemehl* case it was necessary to adjust our projections to reflect the additional liability represented by continuing paying benefits to the spouse of a deceased PTD claimant. The SIF provided a listing of current active cases receiving benefits which indicated their age at disability, gender, marital status, and bi-weekly benefits. With the use of a mortality table, the future benefits were projected both individually and on a joint basis. The joint basis represents the benefits being paid after the *Schoemehl* decision. From this sample we were able to determine that the ultimate liability would increase by approximately 24 percent while the calendar year payments during 2008 through 2012 would show only a modest increase varying from one percent in 2008 to 4.94 percent in 2012. This is because additional benefits attributable to *Schoemehl* are paid only after the original claimant dies. Though the impact of the *Schoemehl* decision has a relatively insignificant impact on expected calendar payments for the next five years, the difference grows quickly and the liability to the program is significant.

#### Effects of 2007 Legislation

Recent legislation, HB 629 and HB 685 would have reversed the *Schoemehl* decision and proposed running off the SIF, with no payments for injuries occurring on or after January 1, 2008. These proposals did not pass in the last session.

SB 668 proposed only a reversal to the *Schoemehl* decision while keeping the SIF in place. As with the measures above, this proposal did not pass in the last session.

These proposals would have very little influence on the current solvency of the SIF. HB 629 and HB 685 would have no effect on claims currently in the system, and claims with accident dates after January 1, 2008 would have essentially no affect on calendar year 2008. The effect on calendar year 2009 payments would not be enough to offset the projected deficit, assuming a 3% assessment cap is maintained.

As discussed above, SB 668 and its removal of the effects of *Schoemehl* would result in an immaterial reduction of calendar year payments in the near future.

#### Effects of 2005 Legislation

State Bills 1 and 130 (SB 1 and 130) were signed into law March 30, 2005, with most provisions effective August 28, 2005. Important provisions were to revise the definitions of "accident" and "injury" with the intention to refine the definition of an injury and thus better identify injuries specific to the workplace. Benefits for pre-existing conditions in cases where a work-related injury causes an increased permanent disability were also limited. (In discussions with the DOLIR, it is unclear how the courts may construe this particular provision and thus if there would be an affect of the SIF.) There are also provisions that provide for more definitive standards to be applied to Administrative Law Judges in order to enforce consistency and impartiality.

The reforms also capped the annual SIF surcharge at 3% of applicable base premium.

It appears that pending and resolved claims sustained prior to August 2005 will not be affected by the reforms. Thus, the prevailing logic is that SB 1 and 130 apply prospectively.

There are varying degrees of estimates as to the effect of these reforms, though none of the estimates are based on a quantitative statistical analysis. The National Council on Compensation Insurance (NCCI) is estimating a 1% savings due to the reforms. In its review of the 2006 NCCI filing, the Department of Insurance believed a 3.6% reduction was warranted. In its review of the 2007 filing, an independent actuary working on behalf of the Missouri Department of Insurance thought that a 2% reduction was reasonable.

Discussions with industry sources indicate that the provisions of the reforms, such as "objective" rather than "subjective" rating criteria, are probably having the result that judges are acting more consistently and impartially. The end effect is to bring overall disability ratings, and thus indemnity costs, down. For the most severe case submitted to SIF, which are those involving unquestioned permanent total disability, we would expect the reforms to have no effect on SIF. For permanent partial disability claims, there could be a significant reduction in SIF costs due to lowered disability ratings and fewer claims being eligible to be covered by SIF.

Currently, we are observing fewer claims (all claim types) being submitted to SIF, so there appears to be an immediate cost reduction due to a reduction in claim frequency. We have factored these observations into our analysis.

#### Workers' Compensation Administrative Fund

Current Missouri workers' compensation statutes allow for the SIF to advance funds from the Workers' Compensation Administrative Fund (WC Fund) if SIF collections are inefficient. Any funds advanced must be repaid by the SIF by December 31 of the year after the advance. Based on the projected year-end balances of the SIF, the SIF would be unable to pay back any funds borrowed.

If we assume the requirement for repayment is removed and projected future SIF needs are included in the WC Fund's surcharge calculation, the following table shows the expected WC Fund balances for calendar years 2008 to 2012.

<b>Table 5: Projected Workers' Compensation Fund Balance as of December 31, 2008-2012</b>					
	2008	2009	2010	2011	2012
Opening Balance	\$9,235,448	\$8,267,807	\$3,263,289	\$7,947,779	\$11,483,597
Revenues	21,640,364	33,694,047	46,632,561	48,404,599	37,682,980
WC Fund Expenditures	22,608,005	23,286,245	23,984,833	24,704,378	25,445,509
SIF Need	0	15,412,320	17,963,238	20,164,403	23,064,316
Closing Balance	8,267,807	3,263,289	7,947,779	11,483,597	656,752
Indicated Administrative Surcharge/Tax	0.62%	1.35%	1.66%	1.53%	1.47%
Selected Administrative Surcharge/Tax	1.00%	1.50%	2.00%	2.00%	1.50%

### Recommendations for Ensuring Solvency

Based on our projections, the assessable premium base is expected to increase 3.8% annually through 2012, while the fund expenditures are expected to increase an average of 5.5% annually over the same period. Assuming no surcharge cap, we would expect to see the surcharge rate increased regularly to generate enough revenue to cover future costs. Therefore, the surcharge cap of 3.0%, implemented in 2005, limits the ability of the SIF to collect adequate revenue to ensure its solvency. Without the removal of the cap and assuming no additional funds from the WC Fund or any other source are received, we expect that the SIF will become insolvent during 2009.

There are other short-term changes that could be implemented that would reduce the short term cash flow expenditures of the SIF. Taken to the extreme, SIF could cease all lump sum payments and make only bi-weekly payments for resolved claims. PwC has not estimated the effect of such an action, though the results could significantly lower cash outflow in the short term. However, lump sum payments often make sense both from the claimant's position and from an administrative position, and such payments generally serve to lower overall costs in the long run. The fact that SIF is funded on a "pay as you go" basis effectively makes short term and long term objectives at odds with each other.

Dismantling the SIF is a longer term solution in that surcharges could continue to be collected in future years and the introduction of new claims would eventually cease. However, due to the long time period associated for the resolution of claims, particularly PTD claims, dismantling the SIF would not have an effect on solvency in the period projected.

Reversing *Schoemehl* will significantly reduce losses, but only far out in the future and will have little current effect. Such a reversal would have a positive effect on the cost of reinsurance if the SIF were placed into runoff and liabilities transferred to a third party reinsurer.

Unless fairly major reductions are to be made to the potential size of PPD and PTD awards, the modification or elimination of certain benefits afforded by the SIF will not have a meaningful effect of the solvency of the SIF due to their small contribution to total costs.

We understand that the SIF is not entitled to have a claimant examined by a doctor or a vocational expert on its behalf. As seen in other states (California), such a limitation may result in higher PPD awards or more claims being settled as PTD. Allowing SIF to have its own experts examine claimants may lower PPD awards.

Finally, the current SIF statutes require an actuarial analysis be completed every three years. We believe that an annual actuarial analysis would be more prudent and would serve as a better "early warning system." This would allow the SIF to more quickly react to changes in lump sum settlement authority, claims reporting dynamics, legislative changes, court rulings and industry trends. Changes in claim handling metrics (time to resolution, etc.) could also be better monitored.

Analysis of the Strengths and Weaknesses of the Current Funding Program

We observed the following weaknesses in the current funding program:

- 1) The funding mechanism is based on calendar year payments rather than the ultimate cost of claims incurred in the upcoming year. Over time, this has resulted in close to a \$1 billion unfunded liability to the SIF, and this liability is expected to increase primarily due to the continued addition of new PTD claims to the program.

Table 6 illustrates the historical SIF surcharge needed on an accident year basis. The calculations exclude expenses other than benefit payments, the impact of the *Schoemehl* decision and the impact of discounting. For most accident years the indicated surcharge far exceeds the calendar year based surcharge cap of 3%

<b>Table 6: Indicated SIF Surcharge on an Accident Year Basis (Undiscounted, Excludes the Impact of the <i>Schoemehl</i> Decision)</b>			
<b>Accident Year</b>	<b>Projected Ultimate Loss</b>	<b>Assessable Premium Base*</b>	<b>Indicated Surcharge</b>
1994	\$42,685,467	\$1,244,000,000	3.43%
1995	49,617,526	1,294,000,000	3.83%
1996	62,709,235	1,094,000,000	5.73%
1997	69,691,588	989,000,000	7.05%
1998	66,267,912	986,565,000	6.72%
1999	79,670,753	1,053,131,341	7.57%
2000	118,439,494	1,147,121,746	10.32%
2001	96,183,290	1,193,834,165	8.06%
2002	118,553,384	1,366,766,395	8.67%
2003	114,166,223	1,812,967,440	6.30%
2004	114,441,108	1,995,609,985	5.73%
2005	114,173,860	2,073,963,001	5.51%
2006	118,554,051	2,007,788,167	5.90%
2007	129,695,126	2,084,813,523	6.22%
2008	135,989,529	2,164,036,437	6.28%
2009	142,597,758	2,246,269,822	6.35%
2010	149,535,858	2,331,628,075	6.41%
2011	156,820,714	2,420,229,942	6.48%
2012	164,470,098	2,512,198,680	6.55%

\*Assessable premium base was provided by the Missouri DOLIR for years 1994 to 2006 and projected by PwC for years 2007 to 2012.

Such a "pay as you go" funding mechanism results in lower current assessments but higher assessments in the future. For example, if the SIF were discontinued at the end of 2007, about \$1 billion in future assessments would still be required in the future to cover past promises. These future assessments reflect the shortfall imbedded in "pay as you go" funding.

- 2) The Assessable Premium Base is difficult to estimate, particularly for the insurance industry component. Missouri has a competitive rating law that allows for potentially large and rapid fluctuations in rate levels through the use of base rate changes and schedule rating changes. Schedule rating changes are particularly difficult to anticipate.
- 3) The 3% cap on the surcharge effected in 2005 greatly limits DOLIR's ability to make up prior year deficits by increasing surcharges for future years. Additionally, the 3% cap appears to be inadequate in the near future.
- 4) Requesting an actuarial review of funding needs over a prospective 5 year period is fraught with uncertainties. Property & Casualty insurance losses, including workers' compensation, are typically very difficult to predict 1 or 2 years in advance, not to mention over 5 years. Given the long time period to reach a resolution on most claims, there is considerable uncertainty in long term estimates.
- 5) The program experienced an inundation of claims beginning in 1998, while the AGO staff assigned to handle the claims did not appear to grow accordingly. Mechanisms do not appear to be in place to scale the operations to handle increases/decreases in claim load.

We consider the following to be strengths of the current funding program:

- 1) The overall administrative costs appear to be quite low when compared to insurance industry programs. While insurers generally incur claims handling and administrative expenses in excess of 33% of benefits, the SIF appears to spend about 7% of benefits on claims administration and overhead. This 7% estimate includes Attorney General personal services and expenses & equipment, Attorney General costs paid by the DOLIR, Office of Administration cost allocations and all other SIF outlays excluding benefits to claimants.
- 2) Funding on a "pay as you go" basis is simple and is generally reasonable as long as inflation rates stay steady, there are no shocks to the system, the economy is growing, and the managers of the programs understand the underlying claims dynamics (such as PTD claims representing a larger and larger portion of the program liabilities).
- 3) While we did not independently review individual claims and their resolution, the claims handling process appears to be reasonable. This was asserted by the State Auditor, though we were not provided with any supplemental data apart from the Report no. 2007-19. As measured solely by resolution rates, these rates did not decrease significantly during the large claims run-up beginning in 1998; as such, it appears the claims staff did increase efforts to resolve claims and keep on top of the claims influx though the average settlement size did increase.

#### Drivers of Increases in Second Injury Fund Expenditures Since 1994

We feel there are several drivers to these increases in claim payments. They relate to claims frequency (the number of claims), claims severity (the size of claims), and the dynamics between claim reporting and claim resolution.

As background, loss payments on all claims were relatively stable from calendar year 1995 (\$21 million) through 1999 (\$27 million). However, calendar year 2001 saw about a \$10 million increase in payments, and payments exceeded \$62 million in 2004. However, we note that payments appear to have stabilized for 2005 and 2006, with payments of \$61 million and \$64 million, respectively.

The calendar year payments derived from the claims data base are shown below. We also show the percent change from the prior year.

<b>Table 7: All Claims Payments per Calendar Year in \$Millions And Percent Change</b>												
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$18.5	\$21.2	\$21.7	\$22.7	\$25.2	\$27.0	\$30.0	\$39.5	\$48.3	\$53.8	\$62.5	\$61.0	\$63.9
	15%	2%	5%	11%	7%	11%	32%	22%	11%	16%	-3%	5%



Claims Frequency - There was a large increase in the number of claims reported beginning in 1998. We discussed this observation with representatives from the Attorney General's Office and from the DOLIR, and we also reviewed changes in Missouri statutes in the late 1990's. There was no obvious catalyst to this increase in claims. However, we are aware that the preponderance of claims filed involve legal representation support of claimants; thus, a focus by the plaintiffs bar could be a contributing factor.

The calendar year claims filed derived from the claims data base, in thousands, is shown in the table below. We also show the percent change from the prior year.

<b>Table 8: All Claims Filed per Calendar Year in Thousands And Percent Change</b>												
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
11.5	9.3 -19%	9.5 3%	9.4 -2%	10.5 12%	11.2 7%	12.1 8%	13.4 11%	14.4 7%	14.4 0%	14.2 -2%	13.7 -4%	11.2 -18%

The increase in reported claims does not align with the surge in claims payments. The claims reporting rate is "ahead" of the claims payment rate. This is because approximately 50% of claims take over 36 months from the date reported to be resolved, and for SIF, generally no payments are made until a resolution is reached. Thus, the lag between claim payments and claim reports is consistent with this fact.

Claims Severity - The second contributing factor to the increase in payments is the amount for which claims are being resolved. PTD claims that are not settled by lump sum payments, which is generally the case, are annuity payments that occur over the claimant's life until the claimant dies. The data shows, however, that PPD claims are virtually all settled as a lump sum payment. Our analysis indicates that the average lump sum payment increased significantly beginning in 2001, which is the tie that the settlement authority on lump sum payments increased from \$40,000 to \$60,000.

The table below shows the calendar year averages of lump sum payments, in thousands of dollars, per resolved claim (excluding denied claims) derived from the data base. Percentage changes are also presented.

<b>Table 9: Lump Sum Paid per Resolved Claims per Calendar Year in \$Thousands And Percent Change</b>												
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$3.3	\$5.5 64%	\$5.1 -8%	\$5.9 16%	\$6.2 5%	\$6.7 7%	\$6.6 -1%	\$7.2 10%	\$8.8 22%	\$10.0 14%	\$9.8 -2%	\$9.8 -1%	\$10.1 3%

The data shows a large increase in average lump sum payments beginning in 2001, and continuing in 2002 and 2003. This correlates quite closely with the ability of the Attorney General's Office to settle claims for \$60,000, as opposed to \$40,000, beginning in 2001. Payments have stabilized in 2004 through 2006. Given that there were no material changes in benefits besides typical inflation in those years, we infer that the increase in lump sum settlement authority was used by the AGO to resolve pending claims, and this increase in authority was a key driver to increasing claims severity.

We are also aware that the SIF is not entitled to have a claimant examined by a doctor or vocational expert on its behalf. We have observed that percentages of disability tend to rise when other states have mandated similar provisions. (In California, in the 1990's the presiding physician was assumed

to be correct; discussions with carriers indicate that average disability ratings increased at that time.) This provision of the Missouri law may also have contributed to increasing awards paid by the SIF.

Lag from Claim Report to Resolution - We note that the "claims surge" that was observed beginning in 1998 was not answered by an increase in Attorney General staff to handle these claims. From discussions with the Attorney General's Chief Counsel for Labor, we understand that the AGO staff increased by about 3 attorneys from 1999. (There are currently 40 positions, including the management positions.) However, the claims reported increased at a much faster rate over this period, resulting in a backlog of claims.

The following table shows the number of resolved claims per calendar year and the percentage change year over year. The data is from the claims data base supplied to PwC from DOLIR.

<b>Table 10: Resolved Claims per Calendar Year in \$Thousands And Percent Change</b>												
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
13.2	12.7	12.3	10.5	9.9	10.1	10.2	11.2	12.0	11.6	12.8	13.0	13.6
	-3%	-3%	-15%	-6%	2%	1%	10%	7%	-3%	10%	2%	4%

PTD claims resolutions (excluding lump sum settlements) increased significantly in 2000 and 2001, though these claims account for only about 5% of resolved claims. PPD and lump sum resolutions also increased significantly in 2000 and 2001, and they also helped to drive the increases observed in 2004. Lump sum claims, PTD and PPD combined, account for approximately 33% of resolved claims per year. The bulk of resolved claims, about 60%, are related to claims that are denied or dismissed with no dollar settlement.

The number of claims resolved is dependent on the amount of resources available for the claims resolution process. Given that these resources have remained relatively consistent in the recent past, we would expect to see a relatively "flatter" pattern of claims resolutions than claims reports. Given the increase in lump sum settlement authority in 2001, it is not surprising to see more claims resolutions in 2001 and 2002.

Given the drop in claims reporting in 2005 and 2006, we expect that overall pending files will decrease in the near future.

#### Weaknesses in the Data

In our analysis of historical SIF losses, we relied upon data provided by the Missouri Department of Insurance, Department of Labor and Industrial Relations, National Council on Compensation Insurance, Attorney General's Office, State Auditor's Report No. 2007-19 and other industry sources. The following are noteworthy weaknesses in the data:

- 1) Prior to 2005, all claims with lump sum payments were labeled as PPD claims even though some of the claims were actually PTD claims. Beginning in 2005, all claims with lump sum payments were instead labeled as PTD claims. From a review of the data and discussion with the AGO, it appears that the vast majority of claims with lump sum payments are PPD claims; thus, the PTD label appears inaccurate.
- 2) Each claim record was assigned a closed/open indicator. A claim was considered closed as soon as it was resolved. Open claims were not assigned a benefit type until the claim was resolved. Therefore, open claims could not be used in our analysis. This issue was most noticeable in our analysis of PTD claims. At the time of this analysis, there were no claims in injury years 2006 and 2007 labeled as PTD claims and only two claims in injury year 2005 labeled as PTD claims.

- 3) The only dependent information available was a marital status indicator. Marital status and dependent information should be reviewed regularly in order to maintain accurate records. For purposes of estimating the impact of the *Schoemehl* decision, we assumed that the marital status provided was current as of the time the data was provided (rather than as of an earlier point in time such as the date of the injury). We also assumed that, on average, a husband is two years older than his wife. This selection was based on information from a 2006 US Census survey.

We suggest that claims personnel make their best effort to identify the nature of a claim (PPD or PTD) as quickly as possible and that this indicator be mandatory upon establishment of a claim file. We understand that often claims applications are checked as both, but we feel that early review would provide an indication as to the likely amount of disability.

Second, all claims that are settled as a lump sum should be coded in the database as to the actual resolution. Given that basically all PPD claims are settled by lump sums, and PPD claim constitute a preponderance of claims, the PTD tag on lump sum payments is clearly incorrect. To the extent that we were able to identify lump sum payments, this was not a big hindrance to our analysis, but it was an issue that needed to be vetted.

Finally, dependent information should be clarified in order to provide for more accurate life pension calculations.

## Technical Analysis

### ***Data and Other Information Used in Our Analysis***

We relied upon the following data, provided by the Missouri Department of Insurance, Department of Labor and Industrial Relations, National Council on Compensation Insurance, Attorney General's Office, State Auditor's Report No. 2007-19 and other industry sources:

- Individual claim data on all reported claims for injury years 1989 to 2007, evaluated as of years ending December 31, 1989 to December 31, 2006 and as of June 2007;
- Individual claim data on claims for which payments are currently being made, for injury years 1943 to 1988, evaluated as of years ending December 31, 1943 to December 31, 2006 and as of June 2007;
- Insurer SIF surcharge payments for calendar years 2002 to 2006;
- Insurer written premium for calendar years 2000 to 2006;
- Assessment-basis self-insurer premium for calendar years 1998 to 2006;
- Missouri state average weekly rates (SAWW) for fiscal years beginning July 1, 1993 to July 1, 2007;
- SIF revenues (surcharge collections, interest, and other revenue) and benefit payments by month from January 1997 to May 2007.
- SIF expenditures other than benefit payments for calendar years 2000 to 2006;
- Total wages for the State of Missouri for years 2000 to 2005; and
- WC Fund administrative surcharge/tax calculations, including expenditure and revenue projections, for calendar years 2000-2002, 2004, 2006 and 2007.

### ***Actuarial Methodologies and Assumptions***

Claims and loss data were analyzed for the following benefit types:

- PTD (excluding lump sum payments)
- PTD lump sum payments and PPD
- Medical
- Lost Wages
- Death (excluding annuity benefit type claims)
- Rehabilitation

### **Projection of Future Payments**

We based our future payment estimates on three standard actuarial techniques:

- 1) Paid Loss Development;
- 2) Bornhuetter-Ferguson using Exposures and Paid Loss; and
- 3) Bornhuetter-Ferguson using Ultimate Claims and Paid Loss.

Paid loss development assumes that the ratio of losses paid in one period to losses paid in an earlier period is approximately constant over time. For example, if, on average, paid losses at 20 months after the start of the year were 150% of losses at 8 months, loss development from 8 to 20 months is projected to be 50%. Similarly, if losses at 32 months were 120% of losses at 20 months, then the combined loss development from 8 to 32 months is projected to be 80% ( $1.50 \times 1.20 = 1.80$ ). The process of estimating period-to-period development factors is normally continued until a level of maturity is reached at which point no additional movement is observed. For more recent years, the paid loss method is consistently producing the lowest loss estimates.

The Bornhuetter-Ferguson method using exposures and paid losses is a combination of the paid loss development method and the loss per exposure method. The amount of losses yet to be paid is based on expected loss per exposure estimates for older years/prior reviews. These estimates are then modified to the extent that paid losses to date differ from what would have been expected based on the selected paid loss development pattern.

The Bornhuetter-Ferguson method using ultimate claims and paid losses is similar to the Bornhuetter-Ferguson method using exposures and paid losses but relies on a combination of the paid loss development method and the loss per claim method.

#### PTD Mortality Table Reserve Methodology

In addition to the methods outlined above we estimated future benefit payments for the active resolved PTD claims. As of June 2007, there were 764 claims for which the Second Injury Fund is making scheduled payments. In the analysis of these claims, we made the following assumptions:

- An average age of 49 for records with missing birthdates (approximately 2.5% of PTD claims), the average age at the time of injury for the remaining records;
- A marital status of married for records with an unknown marital status (approximately 11.4% of claims), since 66.6% of the 764 PTD claimants are known to be married;
- For each married couple, the husband is two years older than his wife, based on results from the 2006 US Census Bureau Current Population Survey; and
- Mortality rates equal to those published in the RP-2000 Tables published in 2000 by the Society of Actuaries.

We developed two scenarios for the estimation of future PTD payments. The first scenario assumes the *Schoemehl v. Treasurer* Supreme Court decision is not overturned by the legislature. In this scenario, if the claimant dies of a cause unrelated to the permanent total disability for which he or she is receiving payments and is survived by his or her spouse, the spouse will receive the PTD payments until his or her own death. In other words, the payments continue until both spouses are dead. The second scenario assumes the legislature overturns the *Schoemehl* decision and the PTD payments end if the claimant dies of a cause unrelated to the PTD injury.

#### Calendar Year Payments

Expected calendar year payments for each claim type are displayed for each of the next five years on page three of each loss section in the attached exhibits. The calendar year payments for all claim types, except for active resolved PTD claims, are calculated based on the payout pattern used to estimate paid loss development estimates described above. For the active resolved PTD claims we calculated the expected calendar year payments for each claim based on annual probabilities of survival and total annual payments under the two potential scenarios. In the first scenario, the probability of survival is the probability that at least one of the spouses survives to the end of the year. In the second scenario, the probability of survival is the probability that the claimant survives to the end of the year. Expected payments are based on the probabilities of survival and annual payments

#### Claim Counts

In projecting the expected ultimate claim count for each benefit type, we relied on the following standard methods:

- 1) Resolved Claim Development; and
- 2) Bornhuetter-Ferguson using Exposures and Resolved Claims.

The resolved claim development method is similar to the paid loss development method but uses the number of resolved claims. Claims not yet resolved were excluded because a claim is not assigned a benefit type until it is resolved.

The Bornhuetter-Ferguson method using exposures and resolved claims is a combination of the resolved claim development method and the claims per exposure method. The number of claims yet to be resolved is based on expected claims per exposure estimates for older years/prior reviews. These estimates are then modified to the extent that resolved claims to date differ from what would have been expected based on the selected resolved claim development pattern.

### Assessable Premium and Surcharge Collections

The assessable premium to which the SIF surcharge is applied is the written premium before the application of a deductible credit. This data was available for self-insurers but not for insurance companies. However, we did receive insurance company calendar year written premium and surcharge payments. With this data we were able to calculate the assessable premium base.

In making our surcharge projections, we felt it was important to take into account the nature of the Missouri workers' compensation market. Therefore, we related the assessable premium base to the overall wages in Missouri over time to identify changes. Wages were based on US Bureau of Labor statistics data. For 2006 through 2012 estimates, we inflated wages at a rate of 3.80% per year, which is the average growth in Missouri from 1997 through 2005.

Based on historical data, we selected 2.02% as the expected ratio of the assessable premium (both insured and self-insured entities) to total wages for the State of Missouri. We then multiplied the projected wages for 2006 to 2012 by 2.02% to estimate projected assessable premiums for 2007 to 2012. The resulting surcharge collections range from \$62.5 million in 2007 to \$75.4 million in 2012, based on a 3% SIF surcharge in each calendar year. These calculations are shown in Exhibit 1.

### Other Revenue and Expense Projections

Based on 2000 to 2006 data and projections provided by the Missouri Division of Workers' Compensation, we projected the expected 2007 to 2012 other revenue, personal service expense and administration expense. The expected annual increases are shown in Exhibit 3.

A detailed summary of the expected annual SIF balances, revenues and expenditures is shown in Exhibit 3.

### Workers' Compensation Administrative Fund Analysis

As of January 1, 2004 the Workers' Compensation administrative tax (applicable to premium before the application of a deductible credit) was divided into an administrative tax (applicable to standard premium) and an administrative surcharge (applicable to the additional premium that would be charged if the deductible were absent). The tax percent and the surcharge percent are always the same.

The WC Fund tax/surcharge is assessed on all insurers and self-insurers for the upcoming calendar year if 110% of the second prior calendar year expenditures are greater than the projected balance at December 31 of the first prior calendar year. If this condition is not met, then an estimate as to the additional amount needed for the upcoming year is calculated, and a percentage of assessable premium is determined, with the percentage rounded up to the next 1/2 percent. The tax/surcharge is capped at 2%.

In our analysis, we examined the possibility of the WC Fund helping the SIF in the case of SIF insolvency. This first required us to make the assumption that the requirement that the SIF must pay any funds borrowed from the WC Fund back by December 31 of the following year is eliminated. We projected future WC Fund revenues and expenditures, with expenditures including the projected SIF needed amounts. The SIF need was determined using a targeted closing balance of no less than \$0 for each calendar year. Assuming the WC Fund incorporates the projected SIF need into the WC Fund tax/surcharge calculation, we concluded that the WC Fund could in fact be used to support the SIF, even with the maximum cap of 2%. Again, this assumes that the "payback" requirement is eliminated.

## ***Results by Benefit Type***

PTD and PPD claims are the two key benefits paid by SIF. The two award types have a few similarities and differences that need to be addressed to properly project ultimate loss estimates and the corresponding liability of the SIF.

Both the PTD and PPD formulas, which have not changed since 1991 and 1992 respectively, currently provide payments to the injured employee and then provide payments to surviving dependents after death if the injured employee dies while still eligible for payments. The two awards are also similar in that weekly payments for both award types is based on 66.7% of the injured employee's average weekly wage as of the date of the injury. Since Missouri is a non-escalating benefits state, the bi-weekly payments do not change after the claim has been resolved for either PTD or PPD claims. Finally both PTD and PPD claimants are eligible to receive either bi-weekly payments or lump sums, up to \$60,000, after their claims have been resolved and benefit amounts calculated. This was increased from \$40,000 in 2001.

One major difference is that PTD payments are limited to 105% of the State Average Weekly Wage (SAWW) of the injury year, while the PPD payments are capped at 55% of the SAWW, which highlights the difference in award amount between the two categories. Secondly, PTD awards are lifetime benefits, whereas the weeks an injured employee is eligible to receive PPD payments is determined using an award schedule which has not changed since at least 1993. These differences contribute to the PTD claimants that elect to receive payments to have a much higher overall obligation than the PPD claimants. Prior to 2006, lump sum payments were coded as PPD. This was then changed in fiscal year 2006 and such claims were coded as PTD. PwC considers this an odd convention in that the vast majority of claims that settle with lump sum payments are PPD by nature.

Based on the above mentioned characteristics, PwC elected to review PTD claims that receive bi-weekly payments on their own and then to group all PPD claims with those PTD claimants that elect to receive a lump sum of their benefits. PwC has estimated that these two categories represent 99% of the SIF's estimated future obligation.

### **PTD Claims**

PwC estimates that PTD claims will accumulate approximately \$165M or 34% of the benefit payments for the period 2007 through 2012. In addition, these claims represent the largest future obligation for the SIF, representing almost \$658M, which is over 75% of the overall estimated reserves. The majority of these benefit payments were estimated by calculating expected payments for all claimants currently receiving benefits using individual survival probabilities from the RP-2000 Male and Female Combined Healthy tables. PwC also needed to estimate payments for claimants who had been injured but whose cases were not yet resolved as of the date of our analysis. PwC has adjusted the resulting ultimate loss estimates for accident years 1997 through 2006 to reflect the unresolved claims.

As would be expected, due to wage increases, the average severity of a PTD claim has been steadily rising since 1997, which is reflected in the *a priori* selections used in the BF method using the ultimate number of claims and paid loss. The increase in severity is also reflected in the assumptions underlying PwC's projections for accident years 2007 through 2012.

The *Schoemehl* decision, which awarded benefits to the surviving dependents of injured employees who die due to causes unrelated to work-related injuries, increases the obligation to PTD claimants significantly. After modeling the expected cash flows of the population currently receiving benefit payments for scenarios where the survivor received benefits and where benefits are terminated when the injured employee dies, it was determined that if the survivor was eligible for benefits the expected cash flows were approximately 24% higher. This resulted in PwC estimating if the *Schoemehl* ruling is upheld the estimated loss reserves for PTD claims is \$817M. However, this estimate has an upward bias in that there are situations where, prior to *Schoemehl*, dependents would still have received additional benefits upon the death of the claimant (e.g., where death was primarily related to work-

related injury). We have not quantified this upward bias, though we believe it to be minor given that most injury-related deaths occur soon after the incident.

#### PPD and PTD Lump Sum Claims

This grouping represents about \$315 million, or just under 65%, of the overall benefit payments for the projected period for the SIF. These claims represent \$210 million, or approximately 24%, of the overall SIF's future payments.

PPD and PTD Lump Sum claims payment practices have changed over history because in 2001, the SIF was authorized to increase the maximum lump sum settlement from \$40,000 to \$60,000, which had the effect of increasing the average severity in settlements and also claim resolution rates. This change caused our *a priori* selections for the BF method and our average severity selections for the projections to remain fairly stable, and increase mainly along with wage increases.

#### Medical Claims

In 1980, the SIF began to pay medical bills for injured employees when the employer has failed to insure its workers' compensation liability as required by law. For the period 2007 through 2012, Medical claims are projected to account for less than one percent of the payments. During the last ten years on an accident-year basis, these claims are projected to average a little over \$500,000 per year. However, with the small number claims involved, there is great variability and a single serious claim alone could exceed this amount.

#### Claims For Lost Wages

In 1993, the SIF began to pay Temporary Total Disability (TTD) benefits for wages from a second job when the worker is injured on another job. PwC projects that the annual payments for Lost Wages claims will increase slightly over the next five years, but will still remain a small percentage of the SIF's total payments. It is expected that as wages increase from 2007 through 2012 the Lost Wages claims average severity will increase as well. So, for forecasting purposes we have estimated that the SIF's obligation per claim will increase by 7.5%, but will be partially counteracted by the expectation that the number of claims filed will decrease.

#### Death Claims (excluding annuity benefit-type claims)

Beginning in 1982, SIF began to pay death benefits for dependents of a worker killed on the job when the employer is uninsured. In performing our analysis, seven claims involving scheduled periodic payments were moved to the PTD category. Under this methodology future payments were estimated using the mortality table as previously indicated. The remaining claims were minimal and varied greatly by year. These were estimated to average about \$35,000 per year.

#### Rehabilitation Claims

In 1951, SIF began to pay benefits for physical rehabilitation in order to return the employee to a condition of self-support and self-maintenance. Rehabilitation claims are expected to account for less than 1% of the payments from 2007 through 2012. PwC estimates that over 97% of a rehabilitation claim's entire obligation is paid in the first five years, which explains why the expected calendar year payments are dominated by the most recent 3 injury years for 2007 through 2012.



**Missouri Second Injury Fund**  
**Projection of Assessable Premium Base and SIF Surcharge Collections**  
**Amounts in Thousands of Dollars**  
**As of 12/31/2006**

Calendar Year	Insurance Industry Assessable Premium (1)	Self Insured Assessable Premium (2)	Total Premium Base (3) = (4) x (5)	Missouri Total Wages (4)	Assessable Premium Per Wages (5)	Available Funding for SIF @ 3.00% (6) = (3) * 3%
2003	1,168,926	644,042	1,812,967	88,384,562	2.05%	
2004	1,334,560	661,050	1,995,610	91,551,859	2.18%	
2005	1,420,762	653,201	2,073,963	95,790,213	2.17%	
2006	1,351,872	655,916	2,007,788	99,430,241	2.02%	
2007			2,084,814	103,208,590	2.02%	62,544
2008			2,164,036	107,130,517	2.02%	64,921
2009			2,246,270	111,201,476	2.02%	67,388
2010			2,331,628	115,427,132	2.02%	69,949
2011			2,420,230	119,813,363	2.02%	72,607
2012			2,512,199	124,366,271	2.02%	75,366
Selected annual wage growth		3.80%				
Selected ratio of premium to wages		2.02%				

**Missouri Second Injury Fund**  
**Projected Annual Increases in Miscellaneous Revenues & Expenses**  
**As of December 31, 2006**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Other Revenue	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Personal Service Expenses	4.0%	3.0%	2.0%	2.0%	2.0%	2.0%
Administration Expenses	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%





TOTAL - 1

**Missouri Second Injury Fund  
All Claim Types  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior	95,649,060	78,724,438	16,924,622
1989	36,448,588	29,426,721	7,021,867
1990	45,748,266	33,893,943	11,854,323
1991	34,599,999	26,642,018	7,957,981
1992	43,035,590	26,653,387	16,382,203
1993	33,754,615	23,704,827	10,049,789
1994	42,685,467	25,341,069	17,344,398
1995	49,617,526	29,042,111	20,575,415
1996	62,709,235	32,154,287	30,554,948
1997	69,691,588	35,613,560	34,078,028
1998	66,267,912	34,133,720	32,134,192
1999	79,670,753	42,581,299	37,089,454
2000	118,439,494	47,459,188	70,980,306
2001	96,183,290	41,533,102	54,650,188
2002	118,553,384	36,842,036	81,711,348
2003	114,166,223	24,590,459	89,575,764
2004	114,441,108	11,943,564	102,497,543
2005	114,173,860	2,580,181	111,593,679
2006	118,554,051	76,962	118,477,089
Total	1,454,390,008	582,936,872	871,453,136

TOTAL - 2

**Missouri Second Injury Fund  
All Claim Types  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident <u>Year</u>	Estimated Ultimate <u>Loss</u> (1)	Ultimate Payroll <u>\$millions</u> (2)	Ultimate Pure Premium <u>(1)/(2)</u> (3)
1988 & prior	95,649,060		
1989	36,448,588		
1990	45,748,266		
1991	34,599,999		
1992	43,035,590		
1993	33,754,615		
1994	42,685,467		
1995	49,617,526		
1996	62,709,235		
1997	69,691,588	71,024	981
1998	66,267,912	75,251	881
1999	79,670,753	79,274	1,005
2000	118,439,494	84,020	1,410
2001	96,183,290	86,010	1,118
2002	118,553,384	87,005	1,363
2003	114,166,223	88,385	1,292
2004	114,441,108	91,552	1,250
2005	114,173,860	95,790	1,192
2006	118,554,051	99,430	1,192
2007	129,695,126	103,209	1,257
2008	135,989,529	107,131	1,269
2009	142,597,758	111,201	1,282
2010	149,535,858	115,427	1,296
2011	156,820,714	119,813	1,309
2012	164,470,098	124,366	1,322

TOTAL - 3a

**Missouri Second Injury Fund**  
**All Claim Types**  
**Calendar Year 2007 - 2012 Payment Projections (Excluding Schoemel Effect)**

Accident Year	Estimated	Estimated Calendar Year Payments						Total
	Ultimate							Payments
	<u>Loss</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2006 & prior	1,454,390,008	70,734,010	71,173,487	64,028,819	54,683,763	45,770,072	39,492,585	345,882,736
2007	129,695,126	125,548	3,073,198	10,647,090	13,706,038	12,419,549	9,993,050	49,964,473
2008	135,989,529		130,548	3,196,781	11,081,918	14,277,101	12,952,275	41,638,622
2009	142,597,758			135,793	3,325,500	11,534,810	14,872,480	29,868,583
2010	149,535,858				141,297	3,459,579	12,006,535	15,607,410
2011	156,820,714					147,074	3,599,247	3,746,321
2012	164,470,098						153,140	153,140
Total	2,333,499,091	70,859,558	74,377,233	78,008,482	82,938,517	87,608,185	93,069,312	486,861,287

TOTAL - 3b

**Missouri Second Injury Fund**  
**All Claim Types**  
**Calendar Year 2007 - 2012 Payment Projections (Including Schoemel Effect)**

Accident Year	Estimated	Estimated Calendar Year Payments						Total
	Ultimate							Payments
	<u>Loss</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2006 & prior	1,613,562,788	70,734,010	71,381,639	64,486,660	55,436,117	46,811,540	40,846,923	349,696,889
2007	157,906,983	125,548	3,073,288	10,649,873	13,720,566	12,458,176	10,060,324	50,087,775
2008	153,237,900		130,548	3,196,875	11,084,855	14,292,429	12,993,028	41,697,735
2009	160,795,861			135,793	3,325,600	11,537,908	14,888,652	29,887,953
2010	168,735,987				141,297	3,459,684	12,009,803	15,610,784
2011	177,078,044					147,074	3,599,358	3,746,432
2012	185,842,839						153,140	153,140
Total	2,617,160,402	70,859,558	74,585,475	78,469,201	83,708,434	88,706,812	94,551,228	490,880,708



TOTAL - 4a

**Missouri Second Injury Fund  
All Claim Types  
Nominal Reserves at Year End 2007 - 2012 (Excluding Schoemel Effect)**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	800,719,126	729,545,639	665,516,820	610,833,057	565,062,985	525,570,400
2007	129,569,578	126,496,380	115,849,290	102,143,252	89,723,703	79,730,653
2008		135,858,981	132,662,200	121,580,282	107,303,181	94,350,906
2009			142,461,965	139,136,464	127,601,654	112,729,174
2010				149,394,561	145,934,982	133,928,448
2011					156,673,640	153,074,393
2012						164,316,958
Total	930,288,704	991,901,000	1,056,490,276	1,123,087,617	1,192,300,146	1,263,700,932

**TOTAL - 4b**

**Missouri Second Injury Fund  
All Claim Types  
Nominal Reserves at Year End 2007 - 2012 (Including Schoemel Effect)**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	959,891,905	888,510,266	824,023,606	768,587,489	721,775,949	680,929,026
2007	146,817,949	143,744,661	133,094,789	119,374,223	106,916,046	96,855,723
2008		154,057,084	150,860,209	139,775,354	125,482,925	112,489,897
2009			161,662,094	158,336,494	146,798,586	131,909,934
2010				169,651,891	166,192,207	154,182,403
2011					178,046,381	174,447,023
2012						186,866,527
<b>Total</b>	<b>1,106,709,855</b>	<b>1,186,312,012</b>	<b>1,269,640,698</b>	<b>1,355,725,452</b>	<b>1,445,212,095</b>	<b>1,537,680,534</b>

TOTAL - 5a

**Missouri Second Injury Fund  
All Claim Types  
Discounted Reserves at Year End 2007 - 2012 (Excluding Schoemel Effect)**

Accident Year	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	518,037,082	466,175,565	419,525,749	380,540,063	349,085,168	322,773,882
2007	86,664,676	86,997,203	79,619,148	68,826,443	58,913,996	51,079,604
2008		90,705,144	91,073,260	83,414,807	72,191,556	61,870,438
2009			94,939,756	95,345,987	87,396,582	75,725,433
2010				99,378,130	99,825,164	91,573,859
2011					104,030,379	104,521,068
2012						108,907,131
Total	604,701,758	643,877,912	685,157,912	727,505,431	771,442,845	816,451,415

**TOTAL - 5b**

**Missouri Second Injury Fund  
All Claim Types  
Discounted Reserves at Year End 2007 - 2012 (Including Schoemel Effect)**

Accident Year	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	631,073,097	583,520,746	541,097,828	506,207,774	478,717,493	456,210,341
2007	105,011,736	106,078,055	99,460,395	89,446,524	80,319,489	73,272,711
2008		110,062,432	111,204,744	104,348,556	93,947,023	84,454,563
2009			115,362,898	116,585,954	109,482,988	98,678,802
2010				120,925,814	122,234,647	114,876,389
2011					126,764,524	128,164,466
2012						132,893,066
<b>Total</b>	<b>736,084,833</b>	<b>799,661,234</b>	<b>867,125,865</b>	<b>937,514,622</b>	<b>1,011,466,164</b>	<b>1,088,550,338</b>

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior	41,012,771	24,118,262	16,894,509
1989	12,670,313	5,701,876	6,968,437
1990	22,209,972	10,457,048	11,752,924
1991	15,025,711	7,147,054	7,878,657
1992	26,236,230	9,943,187	16,293,043
1993	16,182,116	6,257,466	9,924,650
1994	24,899,859	7,754,920	17,144,939
1995	28,850,732	8,757,392	20,093,340
1996	40,592,777	10,703,766	29,889,011
1997	42,907,066	10,048,486	32,858,581
1998	37,519,700	7,284,789	30,234,911
1999	39,669,775	6,488,201	33,181,574
2000	72,253,334	8,268,551	63,984,783
2001	45,977,156	3,493,847	42,483,309
2002	64,826,297	3,022,631	61,803,666
2003	62,258,637	1,304,982	60,953,655
2004	63,909,139	208,463	63,700,676
2005	63,640,792	0	63,640,792
2006	67,919,596	0	67,919,596
Total	788,561,972	130,960,922	657,601,050

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Ultimate Indemnity Claims (2)	Ultimate Severity (1)/(2) (3)	Ultimate Payroll \$millions (4)	Ultimate Frequency (2)/(4) (5)	Ultimate Pure Premium (1)/(4) (6)
1988 & prior	41,012,771	92	445,791			
1989	12,670,313	33	383,949			
1990	22,209,972	51	435,490			
1991	15,025,711	35	429,306			
1992	26,236,230	50	524,725			
1993	16,182,116	35	459,963			
1994	24,899,859	42	598,171			
1995	28,850,732	48	595,842			
1996	40,592,777	69	588,138			
1997	42,907,066	69	617,451	71,024	0.0010	604
1998	37,519,700	58	641,654	75,251	0.0008	499
1999	39,669,775	59	677,179	79,274	0.0007	500
2000	72,253,334	95	763,242	84,020	0.0011	860
2001	45,977,156	65	707,976	86,010	0.0008	535
2002	64,826,297	85	764,241	87,005	0.0010	745
2003	62,258,637	77	806,120	88,385	0.0009	704
2004	63,909,139	77	825,361	91,552	0.0008	698
2005	63,640,792	75	853,420	95,790	0.0008	664
2006	67,919,596	77	881,835	99,430	0.0008	683
2007	71,259,339	85	842,000	103,209	0.0008	690
2008	75,183,030	86	877,785	107,131	0.0008	702
2009	79,322,767	87	915,091	111,201	0.0008	713
2010	83,690,447	88	953,982	115,427	0.0008	725
2011	88,298,621	89	994,526	119,813	0.0007	737
2012	93,160,531	90	1,036,794	124,366	0.0007	749
Assumed 2007 Severity		842,000				
Assumed Annual Severity Trend		4.25%				
Assumed 2007 Frequency		0.0008				
Assumed Annual Frequency Trend		-2.50%				

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Calendar Year 2007 - 2012 Payment Projections (Excluding Schoemel Effect)**

Accident Year	Estimated Ultimate Loss	Estimated Calendar Year Payments						Total Payments
	(1)	<u>2007</u> (2)	<u>2008</u> (3)	<u>2009</u> (4)	<u>2010</u> (5)	<u>2011</u> (6)	<u>2012</u> (7)	(8)
2006 & prior	788,561,972	21,873,387	24,353,702	25,820,725	27,275,497	27,307,086	27,399,065	154,029,462
2007	71,259,339	573	20,356	300,803	995,368	1,887,351	2,502,360	5,706,810
2008	75,183,030		604	21,477	317,366	1,050,175	1,991,272	3,380,894
2009	79,322,767			637	22,659	334,841	1,108,000	1,466,137
2010	83,690,447				672	23,907	353,278	377,857
2011	88,298,621					709	25,223	25,933
2012	93,160,531						749	749
Total	1,279,476,707	21,873,960	24,374,662	26,143,641	28,611,562	30,604,068	33,379,947	164,987,840

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Calendar Year 2007 - 2012 Payment Projections (Including Schoemel Effect)**

Accident Year	Estimated Loss Reserve	Estimated Calendar Year Payments						Total Payments
	(1)	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)	(7)
2006 & prior	816,773,829	21,873,387	24,561,854	26,278,566	28,027,850	28,348,555	28,753,403	157,843,615
2007	88,507,710	573	20,445	303,586	1,009,896	1,925,978	2,569,634	5,830,111
2008	93,381,133		604	21,571	320,302	1,065,503	2,032,026	3,440,006
2009	98,522,897			637	22,759	337,939	1,124,172	1,485,507
2010	103,947,777				672	24,012	356,546	381,231
2011	109,671,362					709	25,334	26,044
2012	115,710,100						749	749
Total	1,426,514,808	21,873,960	24,582,903	26,604,361	29,381,480	31,702,695	34,861,863	169,007,261



**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Nominal Reserves at Year End 2007 - 2012 (Excluding Schoemel Effect)**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	635,727,662	611,373,961	585,553,236	558,277,739	530,970,653	503,571,588
2007	71,258,766	71,238,411	70,937,608	69,942,240	68,054,889	65,552,529
2008		75,182,426	75,160,949	74,843,583	73,793,408	71,802,136
2009			79,322,130	79,299,471	78,964,630	77,856,630
2010				83,689,775	83,665,868	83,312,590
2011					88,297,912	88,272,688
2012						93,159,782
Total	706,986,429	757,794,797	810,973,923	866,052,807	923,747,360	983,527,944

**Missouri Second Injury Fund**  
**Permanent Total Disability Claims**  
**Excluding Lump Sums**  
**Nominal Reserves at Year End 2007 - 2012 (Including Schoemel Effect)**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	794,900,442	770,338,588	744,060,022	716,032,171	687,683,617	658,930,214
2007	88,507,138	88,486,693	88,183,106	87,173,211	85,247,233	82,677,599
2008		93,380,529	93,358,958	93,038,656	91,973,153	89,941,127
2009			98,522,259	98,499,500	98,161,562	97,037,390
2010				103,947,104	103,923,092	103,566,546
2011					109,670,653	109,645,319
2012						115,709,352
Total	883,407,579	952,205,809	1,024,124,345	1,098,690,642	1,176,659,309	1,257,507,546

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Discounted Reserves at Year End 2007 - 2012 (Excluding Schoemel Effect)**

Accident Year	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	368,507,984	358,412,303	346,416,720	332,457,730	317,908,166	302,682,819
2007	36,250,897	37,680,174	38,880,621	39,420,766	39,072,869	38,083,867
2008		38,246,948	39,754,925	41,021,471	41,591,357	41,224,304
2009			40,352,907	41,943,915	43,280,200	43,881,465
2010				42,574,824	44,253,436	45,663,300
2011					44,919,084	46,690,125
2012						47,392,424
Total	404,758,881	434,339,426	465,405,172	497,418,705	531,025,112	565,618,304

**Missouri Second Injury Fund  
Permanent Total Disability Claims  
Excluding Lump Sums  
Discounted Reserves at Year End 2007 - 2012 (Including Schoemel Effect)**

Accident Year	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	481,543,999	475,757,484	467,988,799	458,125,440	447,540,491	436,119,278
2007	54,597,958	56,761,026	58,721,868	60,040,847	60,478,362	60,276,974
2008		57,604,237	59,886,408	61,955,219	63,346,824	63,808,429
2009			60,776,049	63,183,881	65,366,605	66,834,835
2010				64,122,507	66,662,920	68,965,830
2011					67,653,229	70,333,522
2012						71,378,359
Total	536,141,956	590,122,747	647,373,125	707,427,895	771,048,431	837,717,227

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1943	\$ 26,063	\$ -	\$ 26,063
1944	-	-	-
1945	-	-	-
1946	-	-	-
1947	34,129	3,608	37,737
1948	26,767	-	26,767
1949	36,405	-	36,405
1950	-	-	-
1951	36,099	-	36,099
1952	-	-	-
1953	-	-	-
1954	81,135	-	81,135
1955	27,480	-	27,480
1956	-	-	-
1957	-	-	-
1958	-	-	-
1959	36,082	-	36,082
1960	36,649	-	36,649
1961	140,376	22,625	163,001
1962	-	-	-
1963	-	-	-
1964	-	-	-
1965	-	-	-
1966	64,781	8,211	72,992
1967	-	-	-
1968	53,600	17,263	70,863
1969	-	-	-
1970	71,860	39,319	111,179
1971	80,041	-	80,041
1972	-	-	-
1973	106,807	-	106,807
1974	132,029	81,692	213,721
1975	172,211	-	172,211
1976	309,557	-	309,557
1977	484,148	79,619	563,767
1978	-	-	-
1979	626,983	345,915	972,898
1980	967,853	181,725	1,149,578
1981	1,284,601	534,550	1,819,151
1982	1,666,794	894,423	2,561,217
1983	1,496,805	590,949	2,087,754
1984	976,334	108,996	1,085,330
1985	1,712,587	614,390	2,326,977
1986	3,004,578	2,024,586	5,029,164
1987	5,416,468	5,221,011	10,637,479
1988	5,009,035	6,125,630	11,134,665
1989	5,701,876	6,968,437	12,670,313
1990	10,457,048	11,752,924	22,209,972
1991	7,147,054	7,878,657	15,025,711
1992	9,943,187	16,293,043	26,236,230
1993	6,257,466	9,924,650	16,182,116
1994	7,754,920	17,144,939	24,899,859
1995	8,757,392	20,093,340	28,850,732
1996	10,703,766	29,889,011	40,592,777
1997	10,048,486	32,858,581	42,907,066
1998	7,284,789	30,234,911	37,519,700
1999	6,488,201	33,181,574	39,669,775
2000	8,268,551	63,984,783	72,253,334
2001	3,493,847	42,483,309	45,977,156
2002	3,022,631	61,803,666	64,826,297
2003	1,304,982	60,953,655	62,258,637
2004	208,463	63,700,676	63,909,139
2005	-	63,640,792	63,640,792
2006	-	67,919,596	67,919,596
Total	\$130,960,922	\$ 657,601,050	\$ 788,561,972

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 7

Comparison of Ultimate Loss Estimates  
As of 12/31/2006

Accident Year	Paid Loss Development	Bornhuetter- Ferguson Using Exposures and Paid Loss	Bornhuetter- Ferguson Using Ultimate Claims and Paid Loss	Straight Average	Ultimate Loss
	(1)	(2)	(3)	(4)	(5)
1943	\$ 26,725		\$ 26,063	\$ 26,394	\$ 26,063
1944	-		-	-	-
1945	-		-	-	-
1946	-		-	-	-
1947	35,446		35,531	35,488	37,737
1948	27,897		26,767	27,332	26,767
1949	38,080		36,405	37,242	36,405
1950	-		-	-	-
1951	38,052		36,099	37,075	36,099
1952	-		-	-	-
1953	-		-	-	-
1954	86,627		81,135	83,881	81,135
1955	29,477		27,480	28,479	27,480
1956	-		-	-	-
1957	-		-	-	-
1958	-		-	-	-
1959	39,518		36,082	37,800	36,082
1960	40,374		36,649	38,512	36,649
1961	155,593		156,318	155,956	163,001
1962	-		-	-	-
1963	-		-	-	-
1964	-		-	-	-
1965	-		-	-	-
1966	74,422		74,237	74,329	72,992
1967	-		-	-	-
1968	62,651		63,837	63,244	70,863
1969	-		-	-	-
1970	85,643		89,752	87,697	111,179
1971	96,414		80,041	88,228	80,041
1972	-		-	-	-
1973	131,708		106,807	119,258	106,807
1974	164,932		174,665	169,798	213,721
1975	218,134		172,211	195,172	172,211
1976	397,993		309,557	353,775	309,557
1977	632,526		616,397	624,462	563,767
1978	-		-	-	-
1979	844,589		877,648	861,119	972,898
1980	1,329,326		1,280,449	1,304,888	1,149,578
1981	1,803,829		1,808,240	1,806,035	1,819,151
1982	2,414,619		2,460,022	2,437,321	2,561,217
1983	2,250,371		2,195,917	2,223,144	2,087,754
1984	1,519,810		1,364,442	1,442,126	1,085,330
1985	2,761,709		2,596,563	2,679,136	2,326,977
1986	5,029,333		5,029,265	5,029,299	5,029,164
1987	9,452,935		9,958,746	9,705,841	10,637,479
1988	9,191,738		10,075,867	9,633,802	11,134,665
1989	11,090,202		11,857,922	11,474,062	12,670,313
1990	21,673,827		21,951,305	21,812,566	22,209,972
1991	15,860,461		15,401,866	15,631,163	15,025,711
1992	23,688,289		25,166,740	24,427,515	26,236,230
1993	16,137,409		16,216,110	16,176,759	16,182,116
1994	21,886,340		24,077,816	22,982,078	24,899,859
1995	28,257,793		29,268,516	28,763,154	28,850,732
1996	39,043,709		41,515,950	40,279,830	40,592,777
1997	43,263,005	45,491,577	42,907,066	43,887,216	42,907,066
1998	36,704,348	46,490,069	37,519,700	40,238,039	37,519,700
1999	42,165,025	50,087,398	39,669,775	43,974,066	39,669,775
2000	70,156,964	56,445,032	72,253,334	66,285,110	72,253,334
2001	43,626,694	54,922,888	45,977,156	48,175,579	45,977,156
2002	67,216,123	57,032,717	64,826,297	63,025,045	64,826,297
2003	70,603,781	57,693,090	62,258,637	63,518,502	62,258,637
2004	46,171,784	59,448,493	63,909,139	56,509,805	63,909,139
2005	-	62,245,352	63,640,792	41,962,048	63,640,792
2006	-	64,629,137	67,919,596	44,182,911	67,919,596
Total	\$636,526,224	\$554,485,752	\$786,170,910	\$732,712,282	\$788,561,972

Selections:

AY 1943 - 1996 : Life Table Indicated Ultimate Losses

AY 1997 - 2006 : BF Claims Method

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 8

Ultimate Loss Based on Paid Loss Development  
As of 12/31/2006

Accident Year	Cumulative Paid Loss	Selected Development Factors	Cumulative Development Factors	Ultimate Loss (1) x (3)
	(1)	(2)	(3)	(4)
1943	\$ 26,063	1.0254	1.0254	\$ 26,725
1944	-	1.0030	1.0285	-
1945	-	1.0031	1.0317	-
1946	-	1.0032	1.0351	-
1947	34,129	1.0034	1.0386	35,446
1948	26,767	1.0035	1.0422	27,897
1949	36,405	1.0036	1.0460	38,080
1950	-	1.0038	1.0500	-
1951	36,099	1.0039	1.0541	38,052
1952	-	1.0041	1.0584	-
1953	-	1.0043	1.0629	-
1954	81,135	1.0045	1.0677	86,627
1955	27,480	1.0047	1.0727	29,477
1956	-	1.0049	1.0779	-
1957	-	1.0051	1.0834	-
1958	-	1.0053	1.0891	-
1959	36,082	1.0056	1.0952	39,518
1960	36,649	1.0059	1.1016	40,374
1961	140,376	1.0061	1.1084	155,593
1962	-	1.0065	1.1156	-
1963	-	1.0068	1.1231	-
1964	-	1.0072	1.1312	-
1965	-	1.0076	1.1397	-
1966	64,781	1.0080	1.1488	74,422
1967	-	1.0084	1.1585	-
1968	53,600	1.0089	1.1689	62,651
1969	-	1.0095	1.1799	-
1970	71,860	1.0101	1.1918	85,643
1971	80,041	1.0107	1.2046	96,414
1972	-	1.0114	1.2183	-
1973	106,807	1.0122	1.2331	131,708
1974	132,029	1.0130	1.2492	164,932
1975	172,211	1.0140	1.2667	218,134
1976	309,557	1.0150	1.2857	397,993
1977	484,148	1.0162	1.3065	632,526
1978	-	1.0138	1.3245	-
1979	626,983	1.0170	1.3471	844,589
1980	967,853	1.0196	1.3735	1,329,326
1981	1,284,601	1.0224	1.4042	1,803,829
1982	1,666,794	1.0317	1.4487	2,414,619
1983	1,496,805	1.0378	1.5034	2,250,371
1984	976,334	1.0354	1.5566	1,519,810
1985	1,712,587	1.0359	1.6126	2,761,709
1986	3,004,578	1.0380	1.6739	5,029,333
1987	5,416,468	1.0426	1.7452	9,452,935
1988	5,009,035	1.0515	1.8350	9,191,738
1989	5,701,876	1.0599	1.9450	11,090,202
1990	10,457,048	1.0656	2.0727	21,673,827
1991	7,147,054	1.0707	2.2192	15,860,461
1992	9,943,187	1.0735	2.3824	23,688,289
1993	6,257,466	1.0825	2.5789	16,137,409
1994	7,754,920	1.0944	2.8223	21,886,340
1995	8,757,392	1.1433	3.2267	28,257,793
1996	10,703,766	1.1304	3.6477	39,043,709
1997	10,048,486	1.1803	4.3054	43,263,005
1998	7,284,789	1.1703	5.0385	36,704,348
1999	6,488,201	1.2898	6.4987	42,165,025
2000	8,268,551	1.3056	8.4848	70,156,964
2001	3,493,847	1.4717	12.4867	43,626,694
2002	3,022,631	1.7809	22.2376	67,216,123
2003	1,304,982	2.4330	54.1032	70,603,781
2004	208,463	4.0938	221.4872	46,171,784
2005	-	15.3730	3,404.9313	-
2006	-	36.5518	124,456.4269	-
Total	\$130,960,922			\$636,526,224

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 9

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Paid Loss  
As of 12/31/2006

Accident Year	Exposures	Selected Loss Rate	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Loss Rate (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1943				1.0254	1.0254	0.9752	0.0248		\$ 26,063		
1944				1.0030	1.0285	0.9723	0.0277		-		
1945				1.0031	1.0317	0.9692	0.0308		-		
1946				1.0032	1.0351	0.9661	0.0339		-		
1947				1.0034	1.0386	0.9629	0.0371		34,129		
1948				1.0035	1.0422	0.9595	0.0405		26,767		
1949				1.0036	1.0460	0.9560	0.0440		36,405		
1950				1.0038	1.0500	0.9524	0.0476		-		
1951				1.0039	1.0541	0.9487	0.0513		36,099		
1952				1.0041	1.0584	0.9448	0.0552		-		
1953				1.0043	1.0629	0.9408	0.0592		-		
1954				1.0045	1.0677	0.9366	0.0634		81,135		
1955				1.0047	1.0727	0.9323	0.0677		27,480		
1956				1.0049	1.0779	0.9277	0.0723		-		
1957				1.0051	1.0834	0.9231	0.0769		-		
1958				1.0053	1.0891	0.9182	0.0818		-		
1959				1.0056	1.0952	0.9131	0.0869		36,082		
1960				1.0059	1.1016	0.9077	0.0923		36,649		
1961				1.0061	1.1084	0.9022	0.0978		140,376		
1962				1.0065	1.1156	0.8964	0.1036		-		
1963				1.0068	1.1231	0.8904	0.1096		-		
1964				1.0072	1.1312	0.8840	0.1160		-		
1965				1.0076	1.1397	0.8774	0.1226		-		
1966				1.0080	1.1488	0.8705	0.1295		64,781		
1967				1.0084	1.1585	0.8632	0.1368		-		
1968				1.0089	1.1689	0.8555	0.1445		53,600		
1969				1.0095	1.1799	0.8475	0.1525		-		
1970				1.0101	1.1918	0.8391	0.1609		71,860		
1971				1.0107	1.2046	0.8302	0.1698		80,041		
1972				1.0114	1.2183	0.8208	0.1792		-		
1973				1.0122	1.2331	0.8109	0.1891		106,807		
1974				1.0130	1.2492	0.8005	0.1995		132,029		
1975				1.0140	1.2667	0.7895	0.2105		172,211		
1976				1.0150	1.2857	0.7778	0.2222		309,557		
1977				1.0162	1.3065	0.7654	0.2346		484,148		
1978				1.0138	1.3245	0.7550	0.2450		-		
1979				1.0170	1.3471	0.7424	0.2576		626,983		
1980				1.0196	1.3735	0.7281	0.2719		967,853		
1981				1.0224	1.4042	0.7122	0.2878		1,284,601		
1982				1.0317	1.4487	0.6903	0.3097		1,666,794		
1983				1.0378	1.5034	0.6651	0.3349		1,496,805		
1984				1.0354	1.5566	0.6424	0.3576		976,334		
1985				1.0359	1.6126	0.6201	0.3799		1,712,587		
1986				1.0380	1.6739	0.5974	0.4026		3,004,578		
1987				1.0426	1.7452	0.5730	0.4270		5,416,468		
1988				1.0515	1.8350	0.5449	0.4551		5,009,035		
1989				1.0599	1.9450	0.5141	0.4859		5,701,876		
1990				1.0656	2.0727	0.4825	0.5175		10,457,048		
1991				1.0707	2.2192	0.4506	0.5494		7,147,054		
1992				1.0735	2.3824	0.4198	0.5802		9,943,187		
1993				1.0825	2.5789	0.3878	0.6122		6,257,466		
1994				1.0944	2.8223	0.3543	0.6457		7,754,920		
1995				1.1433	3.2267	0.3099	0.6901		8,757,392		
1996				1.1304	3.6477	0.2741	0.7259		10,703,766		
1997	71,024	650.0000	46,165,793	1.1803	4.3054	0.2323	0.7677	35,443,091	10,048,486	45,491,577	640.5072
1998	75,251	650.0000	48,913,181	1.1703	5.0385	0.1985	0.8015	39,205,280	7,284,789	46,490,069	617.7996
1999	79,274	650.0000	51,528,164	1.2898	6.4987	0.1539	0.8461	43,599,198	6,488,201	50,087,398	631.8255
2000	84,020	650.0000	54,613,060	1.3056	8.4848	0.1179	0.8821	48,176,481	8,268,551	56,445,032	671.8040
2001	86,010	650.0000	55,906,301	1.4717	12.4867	0.0801	0.9199	51,429,041	3,493,847	54,922,888	638.5663
2002	87,005	650.0000	56,553,218	1.7809	22.2376	0.0450	0.9550	54,010,086	3,022,631	57,032,717	655.5112
2003	88,385	650.0000	57,449,965	2.4330	54.1032	0.0185	0.9815	56,388,107	1,304,982	57,693,090	652.7508
2004	91,552	650.0000	59,508,708	4.0938	221.4872	0.0045	0.9955	59,240,030	208,463	59,448,493	649.3423
2005	95,790	650.0000	62,263,638	15.3730	3,404.9313	0.0003	0.9997	62,245,352	-	62,245,352	649.8091
2006	99,430	650.0000	64,629,657	36.5518	124,456.4269	0.0000	1.0000	64,629,137	-	64,629,137	649.9948
Total	857,741		\$ 557,531,687					\$514,365,803	\$130,960,922	\$ 554,485,752	



Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 10

Ultimate Loss Based on Bornhuetter-Ferguson Using Ultimate Claims and Paid Loss  
As of 12/31/2006

Accident Year	Ultimate Claims	Selected Average Loss	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Average Loss (10) / (11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1943	0	\$ -	\$ -	1.0254	1.0254	0.9752	0.0248	\$ -	\$ 26,063	\$ 26,063	\$ -
1944	0	-	-	1.0030	1.0285	0.9723	0.0277	-	-	-	-
1945	0	-	-	1.0031	1.0317	0.9692	0.0308	-	-	-	-
1946	0	-	-	1.0032	1.0351	0.9661	0.0339	-	-	-	-
1947	1	37,737	37,737	1.0034	1.0386	0.9629	0.0371	1,401	34,129	35,531	35,531
1948	0	-	-	1.0035	1.0422	0.9595	0.0405	-	26,767	26,767	-
1949	0	-	-	1.0036	1.0460	0.9560	0.0440	-	36,405	36,405	-
1950	0	-	-	1.0038	1.0500	0.9524	0.0476	-	-	-	-
1951	0	-	-	1.0039	1.0541	0.9487	0.0513	-	36,099	36,099	-
1952	0	-	-	1.0041	1.0584	0.9448	0.0552	-	-	-	-
1953	0	-	-	1.0043	1.0629	0.9408	0.0592	-	-	-	-
1954	1	-	-	1.0045	1.0677	0.9366	0.0634	-	81,135	81,135	81,135
1955	0	-	-	1.0047	1.0727	0.9323	0.0677	-	27,480	27,480	-
1956	0	-	-	1.0049	1.0779	0.9277	0.0723	-	-	-	-
1957	0	-	-	1.0051	1.0834	0.9231	0.0769	-	-	-	-
1958	0	-	-	1.0053	1.0891	0.9182	0.0818	-	-	-	-
1959	0	-	-	1.0056	1.0952	0.9131	0.0869	-	36,082	36,082	-
1960	0	-	-	1.0059	1.1016	0.9077	0.0923	-	36,649	36,649	-
1961	1	163,001	163,001	1.0061	1.1084	0.9022	0.0978	15,941	140,376	156,318	156,318
1962	0	-	-	1.0065	1.1156	0.8964	0.1036	-	-	-	-
1963	0	-	-	1.0068	1.1231	0.8904	0.1096	-	-	-	-
1964	0	-	-	1.0072	1.1312	0.8840	0.1160	-	-	-	-
1965	0	-	-	1.0076	1.1397	0.8774	0.1226	-	-	-	-
1966	1	72,992	72,992	1.0080	1.1488	0.8705	0.1295	9,456	64,781	74,237	74,237
1967	0	-	-	1.0084	1.1585	0.8632	0.1368	-	-	-	-
1968	1	70,863	70,863	1.0089	1.1689	0.8555	0.1445	10,237	53,600	63,837	63,837
1969	0	-	-	1.0095	1.1799	0.8475	0.1525	-	-	-	-
1970	1	111,179	111,179	1.0101	1.1918	0.8391	0.1609	17,892	71,860	89,752	89,752
1971	1	-	-	1.0107	1.2046	0.8302	0.1698	-	80,041	80,041	80,041
1972	0	-	-	1.0114	1.2183	0.8208	0.1792	-	-	-	-
1973	1	-	-	1.0122	1.2331	0.8109	0.1891	-	106,807	106,807	106,807
1974	1	213,721	213,721	1.0130	1.2492	0.8005	0.1995	42,636	132,029	174,665	174,665
1975	0	-	-	1.0140	1.2667	0.7895	0.2105	-	172,211	172,211	-
1976	0	-	-	1.0150	1.2857	0.7778	0.2222	-	309,557	309,557	-
1977	1	563,767	563,767	1.0162	1.3065	0.7654	0.2346	132,249	484,148	616,397	616,397
1978	0	-	-	1.0138	1.3245	0.7550	0.2450	-	-	-	-
1979	1	972,898	972,898	1.0170	1.3471	0.7424	0.2576	250,664	626,983	877,648	877,648
1980	1	1,149,578	1,149,578	1.0196	1.3735	0.7281	0.2719	312,596	967,853	1,280,449	1,280,449
1981	1	1,819,151	1,819,151	1.0224	1.4042	0.7122	0.2878	523,638	1,284,601	1,808,240	1,808,240
1982	2	1,280,609	2,561,218	1.0317	1.4487	0.6903	0.3097	793,228	1,666,794	2,460,022	1,230,011
1983	2	1,043,877	2,087,754	1.0378	1.5034	0.6651	0.3349	699,112	1,496,805	2,195,917	1,097,958
1984	2	542,665	1,085,330	1.0354	1.5566	0.6424	0.3576	388,108	976,334	1,364,442	682,221
1985	6	387,830	2,326,980	1.0359	1.6126	0.6201	0.3799	883,976	1,712,587	2,596,563	432,761
1986	14	359,226	5,029,164	1.0380	1.6739	0.5974	0.4026	2,024,686	3,004,578	5,029,265	359,233
1987	26	409,134	10,637,484	1.0426	1.7452	0.5730	0.4270	4,542,278	5,416,468	9,958,746	383,029
1988	27	412,395	11,134,665	1.0515	1.8350	0.5449	0.4551	5,066,832	5,009,035	10,075,867	373,180
1989	33	383,949	12,670,317	1.0599	1.9450	0.5141	0.4859	6,156,046	5,701,876	11,857,922	359,331
1990	51	435,490	22,209,990	1.0656	2.0727	0.4825	0.5175	11,494,257	10,457,048	21,951,305	430,418
1991	35	429,306	15,025,710	1.0707	2.2192	0.4506	0.5494	8,254,812	7,147,054	15,401,866	440,053
1992	50	524,725	26,236,250	1.0735	2.3824	0.4198	0.5802	15,223,553	9,943,187	25,166,740	503,335
1993	35	462,346	16,265,955	1.0825	2.5789	0.3878	0.6122	9,958,644	6,257,466	16,216,110	460,929
1994	42	607,314	25,280,436	1.0944	2.8223	0.3543	0.6457	16,322,896	7,754,920	24,077,816	578,423
1995	48	613,845	29,722,420	1.1433	3.2267	0.3099	0.6901	20,511,124	8,757,392	29,268,516	604,471
1996	69	615,042	42,449,696	1.1304	3.6477	0.2741	0.7259	30,812,184	10,703,766	41,515,950	601,513
1997	69	615,901	42,799,383	1.1803	4.3054	0.2323	0.7677	32,858,581	10,048,486	42,907,066	617,451
1998	58	645,107	37,721,595	1.1703	5.0385	0.1985	0.8015	30,234,911	7,284,789	37,519,700	641,654
1999	59	669,433	39,215,988	1.2898	6.4987	0.1539	0.8461	33,181,574	6,488,201	39,669,775	677,179
2000	95	766,201	72,533,418	1.3056	8.4848	0.1179	0.8821	63,984,783	8,268,551	72,253,334	763,242
2001	65	711,127	46,181,780	1.4717	12.4867	0.0801	0.9199	42,483,309	3,493,847	45,977,156	707,976
2002	85	762,914	64,713,769	1.7809	22.2376	0.0450	0.9550	61,803,666	3,022,631	64,826,297	764,241
2003	77	804,085	62,101,488	2.4330	54.1032	0.0185	0.9815	60,953,655	1,304,982	62,258,637	806,120
2004	77	826,400	63,989,585	4.0938	221.4872	0.0045	0.9955	63,700,676	208,463	63,909,139	825,361
2005	75	853,671	63,659,488	15.3730	3,404.9313	0.0003	0.9997	63,640,792	-	63,640,792	853,420
2006	77	881,842	67,920,142	36.5518	124,456.4269	0.0000	1.0000	67,919,596	-	67,919,596	881,835
Total	1,192		\$ 790,734,889					\$655,209,986	\$130,960,922	\$ 786,170,910	

(Part 1)

Cumulative Paid Loss  
As of 12/31/2006

[illegible]

## PTD - 12

Cumulative Paid Loss  
As of 12/31/2006

[illegible]

## PTD - 13

Cumulative Paid Loss  
As of 12/31/2006

[illegible]

(Part 1)

Paid Loss Development  
As of 12/31/2006

[illegible]

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 15

(Part 2)

Paid Loss Development  
As of 12/31/2006

Accident Year	384-396	396-408	408-420	420-432	432-444	444-456	456-468	468-480	480-492	492-504	504-516	516-528	528-540	540-552	552-564	564-576	576-588	588-600	600-612	612-624	624-636	636-648	648-660	660-672	672-684	684-696	696-708	708-720	720-732	732-744	744-756
1943																1.0206	1.0202	1.0198	1.0194	1.0190	1.0187	1.0190	1.0180	1.0177	1.0120	1.0000	1.0000	1.0000	1.0000	1.0000	
1944															0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
1945													0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
1946													0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
1947												1.0210	1.0206	1.0202	1.0198	1.0194	1.0190	1.0194	1.0183	1.0180	1.0177	1.0167	1.0171	1.0174	1.0165	1.0162	1.0147	1.0157			
1948											1.0235	1.0229	1.0224	1.0219	1.0016	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1949										1.0225	1.0220	1.0215	1.0211	1.0206	1.0202	1.0206	1.0194	1.0190	1.0187	1.0183	1.0180	1.0184	1.0174	1.0158	1.0000	1.0000	1.0000				
1950									0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000				
1951								1.0301	1.0293	1.0284	1.0276	1.0269	1.0101	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000				
1952							0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000					
1953						0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000					
1954					1.0271	1.0264	1.0257	1.0251	1.0245	1.0239	1.0242	1.0120	1.0119	1.0117	1.0058	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000					
1955				1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000					
1956			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000						
1957		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000						
1958	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000						
1959	1.0324	1.0314	1.0305	1.0296	1.0287	1.0290	1.0271	1.0183	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000						
1960	1.0352	1.0340	1.0301	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000						
1961	1.0383	1.0369	1.0356	1.0357	1.0332	1.0253	1.0198	1.0195	1.0191	1.0194	1.0118	1.0105	1.0104	1.0103																	
1962	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000							
1963	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000							
1964	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000							
1965	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000							
1966	1.0166	1.0163	1.0161	1.0158	1.0162	1.0153	1.0151	1.0149	1.0147																						
1967	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000																						
1968	1.0366	1.0353	1.0341	1.0329	1.0319	1.0309	1.0300																								
1969	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000																									
1970	1.0351	1.0314	1.0317	1.0295	1.0298																										
1971		1.0275	1.0267	1.0020	1.0000																										
1972		0.0000	0.0000	0.0000																											
1973		1.0000	1.0000																												
1974		1.0370																													
1975																															
Avg	1.0288	1.0265	1.0221	1.0179	1.0209	1.0181	1.0168	1.0154	1.0125	1.0135	1.0136	1.0128	1.0107	1.0094	1.0059	1.0076	1.0084	1.0083	1.0081	1.0079	1.0091	1.0108	1.0105	1.0102	1.0071	1.0041	1.0049	1.0079	1.0000	1.0000	1.0000
Vol Wtd Avg	1.0275	1.0242	1.0229	1.0205	1.0245	1.0209	1.0189	1.0173	1.0154	1.0161	1.0140	1.0117	1.0103	1.0093	1.0055	1.0056	1.0063	1.0063	1.0062	1.0062	1.0068	1.0106	1.0103	1.0100	1.0069	1.0043	1.0057	1.0089	1.0000	1.0000	1.0000
Vol Wtd Avg Exc Hi/Lo	1.0319	1.0283	1.0240	1.0201	1.0241	1.0217	1.0193	1.0180	1.0157	1.0167	1.0141	1.0115	1.0104	1.0094	1.0045	1.0051	1.0056	1.0057	1.0055	1.0055	1.0090	1.0125	1.0123	1.0118	1.0059	1.0000	1.0000	-1.0000	1.0000	1.0000	1.0000
5 Yr Vol Wtd Avg	1.0241	1.0164	1.0199	1.0182	1.0258	1.0224	1.0219	1.0149	1.0147	1.0194	1.0093	1.0068	1.0068	1.0068	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0090	1.0062	1.0086	1.0056	1.0055	1.0082	1.0089	1.0000	1.0000	1.0000
5 Yr Vol Wtd Avg Exc Hi/Lo	1.0309	1.0267	1.0317	1.0295	1.0298		1.0149	1.0147	1.0194	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-1.0000	1.0000	1.0090	1.0000	1.0000	1.0000	-1.0000	1.0000	1.0000	1.0000	1.0000
3 Yr Vol Wtd Avg	1.0201	1.0113	1.0154	1.0135	1.0307	1.0309	1.0219	1.0149	1.0147			1.0105	1.0082	1.0068	1.0000	1.0000		1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0079	1.0000	1.0055	1.0082	1.0157		1.0000	1.0000
Inv Power	1.0140	1.0130	1.0122	1.0114	1.0107	1.0101	1.0095	1.0089	1.0084	1.0080	1.0076	1.0072	1.0068	1.0065	1.0061	1.0059	1.0056	1.0053	1.0051	1.0049	1.0047	1.0045	1.0043	1.0041	1.0039	1.0038	1.0036	1.0035	1.0034	1.0032	1.0031
Selected	<u>1.0140</u>	<u>1.0130</u>	<u>1.0122</u>	<u>1.0114</u>	<u>1.0107</u>	<u>1.0101</u>	<u>1.0095</u>	<u>1.0089</u>	<u>1.0084</u>	<u>1.0080</u>	<u>1.0076</u>	<u>1.0072</u>	<u>1.0068</u>	<u>1.0065</u>	<u>1.0061</u>	<u>1.0059</u>	<u>1.0056</u>	<u>1.0053</u>	<u>1.0051</u>	<u>1.0049</u>	<u>1.0047</u>	<u>1.0045</u>	<u>1.0043</u>	<u>1.0041</u>	<u>1.0039</u>	<u>1.0038</u>	<u>1.0036</u>	<u>1.0035</u>	<u>1.0034</u>	<u>1.0032</u>	<u>1.0031</u>
Cumulative	1.2667	1.2492	1.2331	1.2183	1.2046	1.1918	1.1799	1.1689	1.1585	1.1488	1.1397	1.1312	1.1231	1.1156	1.1084	1.1016	1.0952	1.0891	1.0834	1.0779	1.0727	1.0677	1.0629	1.0584	1.0541	1.0500	1.0460	1.0422	1.0386	1.0351	1.0317
Ratio to Ultimate	0.7895	0.8005	0.8109	0.8208	0.8302	0.8391	0.8475	0.8555	0.8632	0.8705	0.8774	0.8840	0.8904	0.8964	0.9022	0.9077	0.9131	0.9182	0.9231	0.9277	0.9323	0.9366	0.9408	0.9448	0.9487	0.9524	0.9560	0.9595	0.9629	0.9661	0.9692

Missouri Second Injury Fund  
 Permanent Total Disability Claims Excluding Lump Sums

PTD - 16

(Part 3)

Paid Loss Development  
 As of 12/31/2006

Accident Year	756-768	768-Ult
1943	1.0000	
1944		
Avg	1.0000	
Vol Wtd Avg	1.0000	
Vol Wtd Avg Exc Hi/Lo		
5 Yr Vol Wtd Avg	1.0000	
5 Yr Vol Wtd Avg Exc Hi/Lo		
3 Yr Vol Wtd Avg	1.0000	
Inv Power	1.0030	1.0254
Selected	<u>1.0030</u>	<u>1.0254</u>
Cumulative	1.0285	1.0254
Ratio to Ultimate	0.9723	0.9752

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 17

Summary of Resolved Claim Counts  
As of 12/31/2006

Accident Year	Resolved Claims	Unresolved Claims	Ultimate Claims (1) + (2)
	(1)	(2)	(3)
1943	0	0	0
1944	0	0	0
1945	0	0	0
1946	0	0	0
1947	0	1	1
1948	0	0	0
1949	0	0	0
1950	0	0	0
1951	0	0	0
1952	0	0	0
1953	0	0	0
1954	1	0	1
1955	0	0	0
1956	0	0	0
1957	0	0	0
1958	0	0	0
1959	0	0	0
1960	0	0	0
1961	0	1	1
1962	0	0	0
1963	0	0	0
1964	0	0	0
1965	0	0	0
1966	0	1	1
1967	0	0	0
1968	0	1	1
1969	0	0	0
1970	0	1	1
1971	1	0	1
1972	0	0	0
1973	1	0	1
1974	1	0	1
1975	0	0	0
1976	0	0	0
1977	0	1	1
1978	0	0	0
1979	0	1	1
1980	1	0	1
1981	0	1	1
1982	2	0	2
1983	2	0	2
1984	2	0	2
1985	6	0	6
1986	14	0	14
1987	26	0	26
1988	27	0	27
1989	33	0	33
1990	51	0	51
1991	35	0	35
1992	50	0	50
1993	35	0	35
1994	41	1	42
1995	47	1	48
1996	66	3	69
1997	65	4	69
1998	53	5	58
1999	50	9	59
2000	74	21	95
2001	45	20	65
2002	47	38	85
2003	26	51	77
2004	7	70	77
2005	0	75	75
2006	0	77	77
Total	809	383	1,192



Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 18

Comparison of Ultimate Claims Estimates  
As of 12/31/2006

Accident Year	Resolved Claim Development	Bornhuetter- Ferguson Using Exposures and Resolved Claims	Straight Average	Ultimate Claims
	(1)	(2)	(3)	(4)
1943	0		0	0
1944	0		0	0
1945	0		0	0
1946	0		0	0
1947	0		0	1
1948	0		0	0
1949	0		0	0
1950	0		0	0
1951	0		0	0
1952	0		0	0
1953	0		0	0
1954	1		1	1
1955	0		0	0
1956	0		0	0
1957	0		0	0
1958	0		0	0
1959	0		0	0
1960	0		0	0
1961	0		0	1
1962	0		0	0
1963	0		0	0
1964	0		0	0
1965	0		0	0
1966	0		0	1
1967	0		0	0
1968	0		0	1
1969	0		0	0
1970	0		0	1
1971	1		1	1
1972	0		0	0
1973	1		1	1
1974	1		1	1
1975	0		0	0
1976	0		0	0
1977	0		0	1
1978	0		0	0
1979	0		0	1
1980	1		1	1
1981	0		0	1
1982	2		2	2
1983	2		2	2
1984	2		2	2
1985	6		6	6
1986	14		14	14
1987	26		26	26
1988	27		27	27
1989	33		33	33
1990	51		51	51
1991	35		35	35
1992	50		50	50
1993	35		35	35
1994	42		42	42
1995	48		48	48
1996	69		69	69
1997	69	70	70	69
1998	58	61	60	58
1999	59	62	61	59
2000	95	92	93	95
2001	65	71	68	65
2002	85	82	83	85
2003	77	79	78	77
2004	48	77	63	77
2005	0	75	37	75
2006	0	77	39	77
Total	1,004	746	1,099	1,192

Selections:

AY 1943 - 1988 : Resolved Claims to Date

AY 1989 - 2003 : Resolved Claim Development

AY 2004 - 2006 : BF Method

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 19

Ultimate Claims Based on Resolved Claim Development  
As of 12/31/2006

Accident Year	Cumulative Resolved Claims	Selected Development Factors	Cumulative Development Factors	Ultimate Claims (1) x (3)
	(1)	(2)	(3)	(4)
1943	0	1.0000	1.0000	0
1944	0	1.0000	1.0000	0
1945	0	1.0000	1.0000	0
1946	0	1.0000	1.0000	0
1947	0	1.0000	1.0000	0
1948	0	1.0000	1.0000	0
1949	0	1.0000	1.0000	0
1950	0	1.0000	1.0000	0
1951	0	1.0000	1.0000	0
1952	0	1.0000	1.0000	0
1953	0	1.0000	1.0000	0
1954	1	1.0000	1.0000	1
1955	0	1.0000	1.0000	0
1956	0	1.0000	1.0000	0
1957	0	1.0000	1.0000	0
1958	0	1.0000	1.0000	0
1959	0	1.0000	1.0000	0
1960	0	1.0000	1.0000	0
1961	0	1.0000	1.0000	0
1962	0	1.0000	1.0000	0
1963	0	1.0000	1.0000	0
1964	0	1.0000	1.0000	0
1965	0	1.0000	1.0000	0
1966	0	1.0000	1.0000	0
1967	0	1.0000	1.0000	0
1968	0	1.0000	1.0000	0
1969	0	1.0000	1.0000	0
1970	0	1.0000	1.0000	0
1971	1	1.0000	1.0000	1
1972	0	1.0000	1.0000	0
1973	1	1.0000	1.0000	1
1974	1	1.0000	1.0000	1
1975	0	1.0000	1.0000	0
1976	0	1.0000	1.0000	0
1977	0	1.0000	1.0000	0
1978	0	1.0000	1.0000	0
1979	0	1.0000	1.0000	0
1980	1	1.0000	1.0000	1
1981	0	1.0000	1.0000	0
1982	2	1.0000	1.0000	2
1983	2	1.0000	1.0000	2
1984	2	1.0000	1.0000	2
1985	6	1.0000	1.0000	6
1986	14	1.0000	1.0000	14
1987	26	1.0000	1.0000	26
1988	27	1.0000	1.0000	27
1989	33	1.0000	1.0000	33
1990	51	1.0000	1.0000	51
1991	35	1.0000	1.0000	35
1992	50	1.0000	1.0000	50
1993	35	1.0052	1.0052	35
1994	41	1.0101	1.0153	42
1995	47	1.0147	1.0302	48
1996	66	1.0151	1.0457	69
1997	65	1.0223	1.0691	69
1998	53	1.0320	1.1033	58
1999	50	1.0735	1.1843	59
2000	74	1.0795	1.2785	95
2001	45	1.1270	1.4409	65
2002	47	1.2525	1.8048	85
2003	26	1.6393	2.9586	77
2004	7	2.3276	6.8865	48
2005	0	5.4000	37.1872	0
2006	0	55.0000	2,045.2935	0
Total	809			1,004

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 20

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Resolved Claims  
As of 12/31/2006

Accident Year	Exposures	Selected Frequency	Expected Claims (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Resolved to Ultimate Claims 1 / (5)	Ratio of Undeveloped Resolved to Ultimate Claims 1 - (6)	Undeveloped Resolved Claims (3) x (7)	Cumulative Resolved Claims	Ultimate Claims (8) + (9)	Calculated Frequency (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1943				1.0000	1.0000	1.0000	0.0000		\$ -		
1944				1.0000	1.0000	1.0000	0.0000		-		
1945				1.0000	1.0000	1.0000	0.0000		-		
1946				1.0000	1.0000	1.0000	0.0000		-		
1947				1.0000	1.0000	1.0000	0.0000		-		
1948				1.0000	1.0000	1.0000	0.0000		-		
1949				1.0000	1.0000	1.0000	0.0000		-		
1950				1.0000	1.0000	1.0000	0.0000		-		
1951				1.0000	1.0000	1.0000	0.0000		-		
1952				1.0000	1.0000	1.0000	0.0000		-		
1953				1.0000	1.0000	1.0000	0.0000		-		
1954				1.0000	1.0000	1.0000	0.0000		1		
1955				1.0000	1.0000	1.0000	0.0000		-		
1956				1.0000	1.0000	1.0000	0.0000		-		
1957				1.0000	1.0000	1.0000	0.0000		-		
1958				1.0000	1.0000	1.0000	0.0000		-		
1959				1.0000	1.0000	1.0000	0.0000		-		
1960				1.0000	1.0000	1.0000	0.0000		-		
1961				1.0000	1.0000	1.0000	0.0000		-		
1962				1.0000	1.0000	1.0000	0.0000		-		
1963				1.0000	1.0000	1.0000	0.0000		-		
1964				1.0000	1.0000	1.0000	0.0000		-		
1965				1.0000	1.0000	1.0000	0.0000		-		
1966				1.0000	1.0000	1.0000	0.0000		-		
1967				1.0000	1.0000	1.0000	0.0000		-		
1968				1.0000	1.0000	1.0000	0.0000		-		
1969				1.0000	1.0000	1.0000	0.0000		-		
1970				1.0000	1.0000	1.0000	0.0000		-		
1971				1.0000	1.0000	1.0000	0.0000		1		
1972				1.0000	1.0000	1.0000	0.0000		-		
1973				1.0000	1.0000	1.0000	0.0000		1		
1974				1.0000	1.0000	1.0000	0.0000		1		
1975				1.0000	1.0000	1.0000	0.0000		-		
1976				1.0000	1.0000	1.0000	0.0000		-		
1977				1.0000	1.0000	1.0000	0.0000		-		
1978				1.0000	1.0000	1.0000	0.0000		-		
1979				1.0000	1.0000	1.0000	0.0000		-		
1980				1.0000	1.0000	1.0000	0.0000		1		
1981				1.0000	1.0000	1.0000	0.0000		-		
1982				1.0000	1.0000	1.0000	0.0000		2		
1983				1.0000	1.0000	1.0000	0.0000		2		
1984				1.0000	1.0000	1.0000	0.0000		2		
1985				1.0000	1.0000	1.0000	0.0000		6		
1986				1.0000	1.0000	1.0000	0.0000		14		
1987				1.0000	1.0000	1.0000	0.0000		26		
1988				1.0000	1.0000	1.0000	0.0000		27		
1989				1.0000	1.0000	1.0000	0.0000		33		
1990				1.0000	1.0000	1.0000	0.0000		51		
1991				1.0000	1.0000	1.0000	0.0000		35		
1992				1.0000	1.0000	1.0000	0.0000		50		
1993				1.0052	1.0052	0.9948	0.0052		35		
1994				1.0101	1.0153	0.9849	0.0151		41		
1995				1.0147	1.0302	0.9707	0.0293		47		
1996				1.0151	1.0457	0.9563	0.0437		66		
1997	71,024	0.0011	78	1.0223	1.0691	0.9354	0.0646	5	65	70	0.0010
1998	75,251	0.0011	83	1.0320	1.1033	0.9064	0.0936	8	53	61	0.0008
1999	79,274	0.0010	79	1.0735	1.1843	0.8444	0.1556	12	50	62	0.0008
2000	84,020	0.0010	84	1.0795	1.2785	0.7822	0.2178	18	74	92	0.0011
2001	86,010	0.0010	86	1.1270	1.4409	0.6940	0.3060	26	45	71	0.0008
2002	87,005	0.0009	78	1.2525	1.8048	0.5541	0.4459	35	47	82	0.0009
2003	88,385	0.0009	80	1.6393	2.9586	0.3380	0.6620	53	26	79	0.0009
2004	91,552	0.0009	82	2.3276	6.8865	0.1452	0.8548	70	7	77	0.0008
2005	95,790	0.0008	77	5.4000	37.1872	0.0269	0.9731	75	-	75	0.0008
2006	99,430	0.0008	77	55.0000	2,045.2935	0.0005	0.9995	77	-	77	0.0008
Total	857,741		\$ 804					\$ 379	\$ 809	\$ 746	

## PTD - 21

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]

## PTD - 22

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]

## PTD - 23

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]

Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 24

(Part 1)

Resolved Claim Development  
As of 12/31/2006

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	
1943																																
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1960																																0.0000
1961																																0.0000
1962																																0.0000
1963																																0.0000
1964																																0.0000
1965																																0.0000
1966																																0.0000
1967																																0.0000
1968																																0.0000
1969																																0.0000
1970																																0.0000
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1972																																0.0000
1973																																0.0000
1974																																0.0000
1975																																0.0000
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1997																																0.0000
1998																																0.0000
1999																																0.0000
2000																																0.0000
2001																																0.0000
2002																																0.0000
2003																																0.0000
2004																																0.0000
2005																																0.0000
Avg	5.3889	3.1295	1.9372	1.3345	1.1966	1.1381	1.0986	1.0531	1.1013	1.0068	1.0078	1.0066	1.0927	1.0000	1.0036	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
Vol Wtd Avg	5.3333	2.5688	1.6510	1.3021	1.1806	1.1400	1.0901	1.0418	1.0293	1.0112	1.0128	1.0109	1.0082	1.0000	1.0061	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
Vol Wtd Avg Exc HiLo	5.2222	2.5686	1.6959	1.3043	1.1686	1.1268	1.0887	1.0438	1.0304	1.0076	1.0089	1.0093	1.0052	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
5 Yr Vol Wtd Avg	5.4000	2.3276	1.6393	1.2525	1.1270	1.0795	1.0729	1.0164	1.0265	1.0150	1.0195	1.0100	1.0051	1.0000	1.0067	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
5 Yr Vol Wtd Avg Exc HiLo	2.3529	1.7361	1.2560	1.1111	1.0643	1.0714	1.0126	1.0294	1.0093	1.0171	1.0085	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
3 Yr Vol Wtd Avg	4.0000	2.2162	1.5055	1.2560	1.1053	1.0600	1.0714	1.0233	1.0199	1.0083	1.0246	1.0084	1.0074	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
Inv Power	58.5472	6.4090	2.3565	1.5084	1.2375	1.1275	1.0754	1.0478	1.0320	1.0223	1.0161	1.0120	1.0091	1.0071	1.0056	1.0045	1.0037	1.0030	1.0025	1.0021	1.0018	1.0015	1.0013	1.0011	1.0010	1.0009	1.0008	1.0007	1.0006	1.0005	1.0005	
Selected	55.0000	5.4000	2.3276	1.6393	1.2525	1.1270	1.0795	1.0735	1.0320	1.0223																						

(Part 2)

Resolved Claim Development  
As of 12/31/2006

[illegible]



Missouri Second Injury Fund  
Permanent Total Disability Claims Excluding Lump Sums

PTD - 26

(Part 3)

Resolved Claim Development  
As of 12/31/2006

Accident Year	756-768	768-Ult
1943	0.0000	
1944		
Avg		
Vol Wtd Avg		
Vol Wtd Avg Exc Hi/Lo		
5 Yr Vol Wtd Avg		
5 Yr Vol Wtd Avg Exc Hi/Lo		
3 Yr Vol Wtd Avg		
Inv Power	1.0000	1.0003
Selected	<u>1.0000</u>	<u>1.0000</u>
Cumulative	1.0000	1.0000
Ratio to Ultimate	1.0000	1.0000

**Missouri Second Injury Fund  
Permanent Partial Disability Claims  
and Permanent Total Disability Lump Sums  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior	54,636,289	54,606,175	30,113
1989	23,493,405	23,442,054	51,351
1990	21,929,402	21,867,987	61,415
1991	19,056,223	18,991,158	65,066
1992	16,343,623	16,267,693	75,930
1993	17,021,539	16,914,310	107,229
1994	16,832,514	16,666,716	165,798
1995	19,072,995	18,713,273	359,722
1996	21,377,835	20,761,543	616,292
1997	26,072,291	24,934,877	1,137,414
1998	28,207,037	26,364,825	1,842,212
1999	39,180,050	35,361,824	3,818,227
2000	45,309,713	38,436,075	6,873,638
2001	49,090,164	37,125,358	11,964,806
2002	52,677,870	33,009,947	19,667,924
2003	50,931,207	22,716,287	28,214,920
2004	49,428,758	11,253,781	38,174,977
2005	49,390,443	2,293,797	47,096,646
2006	49,516,338	56,232	49,460,107
Total	649,567,696	439,783,910	209,783,787

**Missouri Second Injury Fund  
Permanent Partial Disability Claims  
and Permanent Total Disability Lump Sums  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident <u>Year</u>	Estimated Ultimate <u>Loss</u> (1)	Estimated Ultimate Indemnity <u>Claims</u> (2)	Ultimate Severity <u>(1)/(2)</u> (3)	Ultimate Payroll <u>\$millions</u> (4)	Ultimate Frequency <u>(2)/(4)</u> (5)	Ultimate Pure Premium <u>(1)/(4)</u> (6)
1988 & prior	54,636,289	9,545	5,724			
1989	23,493,405	5,634	4,170			
1990	21,929,402	5,467	4,011			
1991	19,056,223	4,704	4,051			
1992	16,343,623	3,417	4,783			
1993	17,021,539	2,800	6,079			
1994	16,832,514	2,665	6,316			
1995	19,072,995	2,702	7,060			
1996	21,377,835	2,806	7,617			
1997	26,072,291	3,126	8,340	71,024	0.0440	367
1998	28,207,037	3,305	8,535	75,251	0.0439	375
1999	39,180,050	3,966	9,878	79,274	0.0500	494
2000	45,309,713	4,289	10,563	84,020	0.0511	539
2001	49,090,164	4,560	10,766	86,010	0.0530	571
2002	52,677,870	4,779	11,023	87,005	0.0549	605
2003	50,931,207	4,568	11,148	88,385	0.0517	576
2004	49,428,758	4,410	11,209	91,552	0.0482	540
2005	49,390,443	4,223	11,696	95,790	0.0441	516
2006	49,516,338	4,078	12,141	99,430	0.0410	498
2007	57,268,383	4,772	12,000	103,209	0.0462	555
2008	59,564,065	4,805	12,396	107,131	0.0449	556
2009	61,951,772	4,838	12,805	111,201	0.0435	557
2010	64,435,195	4,871	13,228	115,427	0.0422	558
2011	67,018,168	4,905	13,664	119,813	0.0409	559
2012	69,704,684	4,938	14,115	124,366	0.0397	560
Assumed 2007 Severity		12,000				
Assumed Annual Severity Trend		3.30%				
Assumed 2007 Frequency		0.0462				
Assumed Annual Frequency Trend		-3.00%				

**Missouri Second Injury Fund  
Permanent Partial Disability Claims  
and Permanent Total Disability Lump Sums  
Calendar Year 2007 - 2012 Payment Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Calendar Year Payments						Total Payments (8)
		<u>2007</u> (2)	<u>2008</u> (3)	<u>2009</u> (4)	<u>2010</u> (5)	<u>2011</u> (6)	<u>2012</u> (7)	
2006 & prior	649,567,696	47,852,239	45,992,894	37,568,935	26,973,800	18,208,486	11,899,770	188,496,125
2007	57,268,383	64,944	2,846,624	10,135,385	12,495,834	10,343,747	7,423,754	43,310,289
2008	59,564,065		67,548	2,960,734	10,541,676	12,996,747	10,758,391	37,325,097
2009	61,951,772			70,256	3,079,420	10,964,254	13,517,740	27,631,669
2010	64,435,195				73,072	3,202,862	11,403,771	14,679,705
2011	67,018,168					76,001	3,331,253	3,407,255
2012	69,704,684						79,048	79,048
Total	1,029,509,964	47,917,184	48,907,066	50,735,311	53,163,802	55,792,098	58,413,726	314,929,187

**Missouri Second Injury Fund  
Permanent Partial Disability Claims  
and Permanent Total Disability Lump Sums  
Nominal Reserves at Year End 2007 - 2012**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	161,931,548	115,938,654	78,369,718	51,395,918	33,187,432	21,287,662
2007	57,203,438	54,356,815	44,221,429	31,725,595	21,381,847	13,958,094
2008		59,496,517	56,535,782	45,994,106	32,997,359	22,238,968
2009			61,881,517	58,802,097	47,837,843	34,320,104
2010				64,362,123	61,159,261	49,755,489
2011					66,942,167	63,610,914
2012						69,625,637
Total	219,134,986	229,791,985	241,008,447	252,279,839	263,505,909	274,796,867

**Missouri Second Injury Fund  
Permanent Partial Disability Claims  
and Permanent Total Disability Lump Sums  
Discounted Reserves at Year End 2007 - 2012**

Accident Year	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	146,829,062	105,798,492	71,717,485	47,078,198	30,392,240	19,472,498
2007	49,442,351	48,517,047	40,121,623	28,983,188	19,593,921	12,806,905
2008		51,424,316	50,461,920	41,729,954	30,145,019	20,379,370
2009			53,485,730	52,484,755	43,402,757	31,353,423
2010				55,629,780	54,588,679	45,142,616
2011					57,859,776	56,776,942
2012						60,179,165
Total	196,271,413	205,739,855	215,786,758	225,905,874	235,982,392	246,110,920

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1965	\$ 32,996	\$ -	\$ 32,996
1966	-	-	-
1967	-	-	-
1968	-	-	-
1969	40,000	-	40,000
1970	-	-	-
1971	-	-	-
1972	736	-	736
1973	25,000	-	25,000
1974	-	-	-
1975	60,140	-	60,140
1976	65,531	-	65,531
1977	54,726	-	54,726
1978	175,225	-	175,225
1979	67,429	-	67,429
1980	180,330	-	180,330
1981	225,624	-	225,624
1982	603,247	-	603,247
1983	879,964	-	879,964
1984	1,967,339	-	1,967,339
1985	4,996,006	-	4,996,006
1986	8,756,047	3,643	8,759,690
1987	15,633,946	7,897	15,641,842
1988	20,841,890	18,574	20,860,464
1989	23,442,054	51,351	23,493,405
1990	21,867,987	61,415	21,929,402
1991	18,991,158	65,066	19,056,223
1992	16,267,693	75,930	16,343,623
1993	16,914,310	107,229	17,021,539
1994	16,666,716	165,798	16,832,514
1995	18,713,273	359,722	19,072,995
1996	20,761,543	616,292	21,377,835
1997	24,934,877	1,137,414	26,072,291
1998	26,364,825	1,842,212	28,207,037
1999	35,361,824	3,818,227	39,180,050
2000	38,436,075	6,873,638	45,309,713
2001	37,125,358	11,964,806	49,090,164
2002	33,009,947	19,667,924	52,677,870
2003	22,716,287	28,214,920	50,931,207
2004	11,253,781	38,174,977	49,428,758
2005	2,293,797	47,096,646	49,390,443
2006	56,232	49,460,107	49,516,338
Total	\$439,783,910	\$ 209,783,787	\$ 649,567,696

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 7

Comparison of Ultimate Loss Estimates  
As of 12/31/2006

Accident Year	Paid Loss Development	Bornhuetter- Ferguson Using Exposures and Paid Loss	Straight Average	Ultimate Loss
	(1)	(2)	(3)	(4)
1965	\$ 32,996		\$ 32,996	\$ 32,996
1966	-		-	-
1967	-		-	-
1968	-		-	-
1969	40,000		40,000	40,000
1970	-		-	-
1971	-		-	-
1972	736		736	736
1973	25,000		25,000	25,000
1974	-		-	-
1975	60,140		60,140	60,140
1976	65,531		65,531	65,531
1977	54,726		54,726	54,726
1978	175,225		175,225	175,225
1979	67,429		67,429	67,429
1980	180,330		180,330	180,330
1981	225,624		225,624	225,624
1982	603,247		603,247	603,247
1983	879,964		879,964	879,964
1984	1,967,339		1,967,339	1,967,339
1985	4,996,006		4,996,006	4,996,006
1986	8,759,690		8,759,690	8,759,690
1987	15,641,842		15,641,842	15,641,842
1988	20,860,464		20,860,464	20,860,464
1989	23,493,405		23,493,405	23,493,405
1990	21,929,402		21,929,402	21,929,402
1991	19,056,223		19,056,223	19,056,223
1992	16,343,623		16,343,623	16,343,623
1993	17,021,539		17,021,539	17,021,539
1994	16,832,514		16,832,514	16,832,514
1995	19,072,995		19,072,995	19,072,995
1996	21,377,835		21,377,835	21,377,835
1997	26,072,291	26,608,047	26,340,169	26,072,291
1998	28,207,037	29,018,749	28,612,893	28,207,037
1999	39,180,050	39,533,607	39,356,829	39,180,050
2000	45,309,713	45,318,987	45,314,350	45,309,713
2001	49,090,164	48,445,512	48,767,838	49,090,164
2002	52,677,870	50,551,499	51,614,685	52,677,870
2003	50,931,207	49,156,505	50,043,856	50,931,207
2004	49,397,421	49,428,758	49,413,089	49,428,758
2005	45,117,278	49,390,443	47,253,860	49,390,443
2006	49,585,284	49,516,338	49,550,811	49,516,338
Total	\$645,332,140	\$436,968,446	\$646,032,205	\$649,567,696

Selections:

AY 1965 - 2003 : Paid Loss Development

AY 2004 - 2006 : BF Method



Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 8

Ultimate Loss Based on Paid Loss Development  
As of 12/31/2006

Accident Year	Cumulative Paid Loss	Selected Development Factors	Cumulative Development Factors	Ultimate Loss (1) x (3)
	(1)	(2)	(3)	(4)
1965	\$ 32,996	1.0000	1.0000	\$ 32,996
1966	-	1.0000	1.0000	-
1967	-	1.0000	1.0000	-
1968	-	1.0000	1.0000	-
1969	40,000	1.0000	1.0000	40,000
1970	-	1.0000	1.0000	-
1971	-	1.0000	1.0000	-
1972	736	1.0000	1.0000	736
1973	25,000	1.0000	1.0000	25,000
1974	-	1.0000	1.0000	-
1975	60,140	1.0000	1.0000	60,140
1976	65,531	1.0000	1.0000	65,531
1977	54,726	1.0000	1.0000	54,726
1978	175,225	1.0000	1.0000	175,225
1979	67,429	1.0000	1.0000	67,429
1980	180,330	1.0000	1.0000	180,330
1981	225,624	1.0000	1.0000	225,624
1982	603,247	1.0000	1.0000	603,247
1983	879,964	1.0000	1.0000	879,964
1984	1,967,339	1.0000	1.0000	1,967,339
1985	4,996,006	1.0000	1.0000	4,996,006
1986	8,756,047	1.0004	1.0004	8,759,690
1987	15,633,946	1.0001	1.0005	15,641,842
1988	20,841,890	1.0004	1.0009	20,860,464
1989	23,442,054	1.0013	1.0022	23,493,405
1990	21,867,987	1.0006	1.0028	21,929,402
1991	18,991,158	1.0006	1.0034	19,056,223
1992	16,267,693	1.0012	1.0047	16,343,623
1993	16,914,310	1.0017	1.0063	17,021,539
1994	16,666,716	1.0036	1.0099	16,832,514
1995	18,713,273	1.0092	1.0192	19,072,995
1996	20,761,543	1.0103	1.0297	21,377,835
1997	24,934,877	1.0155	1.0456	26,072,291
1998	26,364,825	1.0232	1.0699	28,207,037
1999	35,361,824	1.0356	1.1080	39,180,050
2000	38,436,075	1.0640	1.1788	45,309,713
2001	37,125,358	1.1217	1.3223	49,090,164
2002	33,009,947	1.2069	1.5958	52,677,870
2003	22,716,287	1.4050	2.2421	50,931,207
2004	11,253,781	1.9578	4.3894	49,397,421
2005	2,293,797	4.4811	19.6693	45,117,278
2006	56,232	44.8317	881.8055	49,585,284
Total	\$439,783,910			\$645,332,140

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 9

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Paid Loss  
As of 12/31/2006

Accident Year	Exposures	Selected Loss Rate	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Loss Rate (10) / (11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1965				1.0000	1.0000	1.0000	0.0000		\$ 32,996		
1966				1.0000	1.0000	1.0000	0.0000		-		
1967				1.0000	1.0000	1.0000	0.0000		-		
1968				1.0000	1.0000	1.0000	0.0000		-		
1969				1.0000	1.0000	1.0000	0.0000		40,000		
1970				1.0000	1.0000	1.0000	0.0000		-		
1971				1.0000	1.0000	1.0000	0.0000		-		
1972				1.0000	1.0000	1.0000	0.0000		736		
1973				1.0000	1.0000	1.0000	0.0000		25,000		
1974				1.0000	1.0000	1.0000	0.0000		-		
1975				1.0000	1.0000	1.0000	0.0000		60,140		
1976				1.0000	1.0000	1.0000	0.0000		65,531		
1977				1.0000	1.0000	1.0000	0.0000		54,726		
1978				1.0000	1.0000	1.0000	0.0000		175,225		
1979				1.0000	1.0000	1.0000	0.0000		67,429		
1980				1.0000	1.0000	1.0000	0.0000		180,330		
1981				1.0000	1.0000	1.0000	0.0000		225,624		
1982				1.0000	1.0000	1.0000	0.0000		603,247		
1983				1.0000	1.0000	1.0000	0.0000		879,964		
1984				1.0000	1.0000	1.0000	0.0000		1,967,339		
1985				1.0000	1.0000	1.0000	0.0000		4,996,006		
1986				1.0004	1.0004	0.9996	0.0004		8,756,047		
1987				1.0001	1.0005	0.9995	0.0005		15,633,946		
1988				1.0004	1.0009	0.9991	0.0009		20,841,890		
1989				1.0013	1.0022	0.9978	0.0022		23,442,054		
1990				1.0006	1.0028	0.9972	0.0028		21,867,987		
1991				1.0006	1.0034	0.9966	0.0034		18,991,158		
1992				1.0012	1.0047	0.9954	0.0046		16,267,693		
1993				1.0017	1.0063	0.9937	0.0063		16,914,310		
1994				1.0036	1.0099	0.9902	0.0098		16,666,716		
1995				1.0092	1.0192	0.9811	0.0189		18,713,273		
1996				1.0103	1.0297	0.9712	0.0288		20,761,543		
1997	71,024	540.0000	38,353,120	1.0155	1.0456	0.9564	0.0436	1,673,170	24,934,877	26,608,047	374.6330
1998	75,251	540.0000	40,635,566	1.0232	1.0699	0.9347	0.0653	2,653,924	26,364,825	29,018,749	385.6258
1999	79,274	540.0000	42,808,013	1.0356	1.1080	0.9025	0.0975	4,171,784	35,361,824	39,533,607	498.6951
2000	84,020	540.0000	45,370,850	1.0640	1.1788	0.8483	0.1517	6,882,913	38,436,075	45,318,987	539.3827
2001	86,010	540.0000	46,445,235	1.1217	1.3223	0.7563	0.2437	11,320,154	37,125,358	48,445,512	563.2564
2002	87,005	540.0000	46,982,674	1.2069	1.5958	0.6266	0.3734	17,541,553	33,009,947	50,551,499	581.0187
2003	88,385	540.0000	47,727,663	1.4050	2.2421	0.4460	0.5540	26,440,218	22,716,287	49,156,505	556.1662
2004	91,552	540.0000	49,438,004	1.9578	4.3894	0.2278	0.7722	38,174,977	11,253,781	49,428,758	539.8990
2005	95,790	518.0000	49,619,330	4.4811	19.6693	0.0508	0.9492	47,096,646	2,293,797	49,390,443	515.6105
2006	99,430	498.0000	49,516,260	44.8317	881.8055	0.0011	0.9989	49,460,107	56,232	49,516,338	498.0008
Total	857,741		\$ 456,896,716					\$205,415,445	\$439,783,910	\$ 436,968,446	

## PPD + PTD LS - 10

Cumulative Paid Loss  
As of 12/31/2006

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192
1965																
1966																
1967																
1968																
1969																
1970																
1971																
1972																
1973																
1974																0
1975															0	0
1976														0	0	16,615
1977												0	0	40,000	51,026	
1978											16,250	61,730	61,730	126,440	130,225	
1979										4,050	38,743	41,755	63,255	63,255	67,429	
1980									39,358	76,917	101,861	143,635	161,390	162,830	162,830	
1981								196,620	415,420	518,820	557,064	557,064	563,229	564,729	594,085	603,247
1982								459,015	694,404	759,995	774,351	807,000	844,818	869,422	878,030	878,030
1983					526,925	1,092,808	1,441,655	1,654,803	1,697,583	1,763,596	1,881,318	1,890,588	1,896,109	1,916,109	1,939,339	
1984				1,099,510	2,537,948	3,956,775	4,513,323	4,551,422	4,639,493	4,783,752	4,872,922	4,932,195	4,941,212	4,941,212	4,987,225	
1985			2,012,267	4,691,014	6,944,076	7,823,951	7,953,816	8,116,742	8,383,169	8,506,337	8,626,660	8,641,065	8,655,891	8,702,036	8,715,293	
1986		2,554,547	7,096,098	11,840,442	13,682,518	13,899,559	14,306,234	14,787,937	15,121,135	15,209,881	15,339,799	15,385,321	15,530,469	15,621,699	15,626,506	
1987	1,721,274	7,411,084	14,662,853	17,630,547	18,154,242	19,030,315	19,738,793	20,253,458	20,446,415	20,613,846	20,707,532	20,736,844	20,770,117	20,820,873	20,830,873	
1988	43,916	2,273,336	11,657,236	16,380,234	17,453,038	19,696,000	21,234,296	22,065,990	22,666,944	22,899,408	23,071,689	23,254,344	23,308,067	23,390,173	23,402,405	23,427,054
1989	64,722	4,752,703	10,477,722	11,813,912	14,982,304	17,593,246	18,930,282	20,112,649	20,644,055	21,065,204	21,177,280	21,390,094	21,634,776	21,691,914	21,789,987	21,844,987
1990	186,419	2,683,162	4,166,637	8,826,355	12,253,134	14,472,651	16,215,409	17,310,958	18,031,099	18,361,242	18,598,308	18,802,601	18,887,885	18,957,977	18,961,158	18,991,158
1991	23,379	522,685	3,747,681	7,272,634	9,939,764	12,127,600	13,774,955	14,575,637	15,088,925	15,632,824	16,026,945	16,081,788	16,250,636	16,263,720	16,267,693	
1992	16,471	917,606	3,907,385	7,620,177	11,007,731	13,167,381	14,459,025	15,297,562	15,879,091	16,233,757	16,451,213	16,598,536	16,789,396	16,914,310		
1993	3,416	996,124	4,353,724	8,012,330	10,970,576	13,126,214	14,431,089	15,374,562	16,010,094	16,301,666	16,387,548	16,535,295	16,666,716			
1994	17,152	1,149,843	4,101,874	8,486,125	11,902,929	14,254,911	15,859,564	16,742,334	17,489,781	17,994,590	18,386,296	18,713,273				
1995	22,320	1,034,595	5,060,254	9,431,517	12,833,150	15,854,703	18,009,737	19,413,362	20,003,644	20,509,728	20,761,543					
1996	53,665	1,261,565	5,475,304	10,654,808	15,522,086	19,481,459	21,807,121	23,710,012	24,415,868	24,934,877						
1997	25,916	1,256,780	5,625,328	11,503,842	17,266,681	21,502,594	24,159,201	25,457,720	26,364,825							
1998	46,803	1,680,341	8,397,985	17,611,168	25,144,043	30,095,306	33,595,505	35,361,824								
1999	10,484	1,842,573	10,163,547	20,215,526	28,729,463	34,318,730	38,436,075									
2000	49,251	2,536,903	11,514,630	23,225,869	31,431,436	37,125,358										
2001	27,505	2,745,976	12,993,180	23,945,840	33,009,947											
2002	81,228	3,042,491	11,950,046	22,716,287												
2003	74,728	2,747,527	11,253,781													
2004	65,442	2,293,797														
2005	56,232															
2006																

(Part 2)

Cumulative Paid Loss  
As of 12/31/2006

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Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 12

(Part 3)

Cumulative Paid Loss  
As of 12/31/2006

Accident Year	408	420	432	444	456	468	480	492	504
1965	32,996	32,996	32,996	32,996	32,996	32,996	32,996	32,996	32,996
1966	0	0	0	0	0	0	0	0	
1967	0	0	0	0	0	0	0		
1968	0	0	0	0	0	0			
1969	40,000	40,000	40,000	40,000	40,000				
1970	0	0	0	0					
1971	0	0	0						
1972	736	736							
1973	25,000								

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 13

(Part 1)

Paid Loss Development  
As of 12/31/2006

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276
1965																						
1966																						
1967																						
1968																						0.0000
1969																					0.0000	0.0000
1970																				0.0000	0.0000	0.0000
1971																			0.0000	0.0000	0.0000	0.0000
1972																		0.0000	0.0000	0.0000	0.0000	0.0000
1973																	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1974																0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1975															0.0000	0.0000	1.5035	1.0000	1.0000	1.0000	1.0000	1.0000
1976														0.0000	0.0000	3.7084	1.0467	1.0161	1.0000	1.0000	1.0000	1.0000
1977													0.0000	0.0000	1.2756	1.0000	1.0098	1.0621	1.0000	1.0000	1.0000	1.0000
1978												3.7988	1.0000	2.0483	1.0299	1.0000	1.0000	1.0000	1.3456	1.0000	1.0000	1.0000
1979											9.5662	1.0777	1.5149	1.0000	1.0660	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1980										1.9543	1.3243	1.4101	1.1236	1.0089	1.0000	1.0614	1.0145	1.0285	1.0000	1.0000	1.0000	1.0000
1981									4.5130	1.1868	1.5367	1.0082	1.0028	1.0057	1.2239	1.0000	1.0089	1.0000	1.0000	1.0000	1.0000	1.0227
1982								2.1128	1.2489	1.0737	1.0000	1.0111	1.0027	1.0520	1.0154	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1983							2.7617	1.5128	1.0945	1.0189	1.0422	1.0469	1.0291	1.0099	1.0000	1.0000	1.0000	1.0000	1.0022	1.0000	1.0000	1.0000
1984						2.0739	1.3192	1.1478	1.0259	1.0389	1.0668	1.0049	1.0029	1.0105	1.0121	1.0041	1.0000	1.0103	1.0000	1.0000	1.0000	1.0000
1985					2.3083	1.5590	1.1407	1.0084	1.0194	1.0311	1.0186	1.0122	1.0018	1.0000	1.0093	1.0010	1.0000	1.0000	1.0000	1.0000	1.0000	1.0007
1986				2.3312	1.4803	1.1267	1.0166	1.0205	1.0328	1.0147	1.0141	1.0017	1.0017	1.0053	1.0015	1.0018	1.0014	1.0014	1.0001	1.0000		
1987			2.7778	1.6686	1.1556	1.0159	1.0293	1.0337	1.0225	1.0059	1.0085	1.0030	1.0094	1.0059	1.0003	1.0005	1.0000	1.0000	1.0000			
1988		4.3056	1.9785	1.2024	1.0297	1.0483	1.0372	1.0261	1.0095	1.0082	1.0045	1.0014	1.0016	1.0024	1.0005	1.0005	1.0001	1.0000				
1989	51.7654	5.1278	1.4052	1.0655	1.1285	1.0781	1.0392	1.0272	1.0103	1.0075	1.0079	1.0023	1.0035	1.0005	1.0011	1.0000	1.0006					
1990	73.4329	2.2046	1.1275	1.2682	1.1743	1.0760	1.0625	1.0264	1.0204	1.0053	1.0100	1.0114	1.0026	1.0045	1.0025	1.0011						
1991	14.3932	1.5529	2.1183	1.3882	1.1811	1.1204	1.0676	1.0416	1.0183	1.0129	1.0110	1.0045	1.0037	1.0002	1.0016							
1992	22.3571	7.1701	1.9406	1.3667	1.2201	1.1358	1.0581	1.0352	1.0360	1.0252	1.0034	1.0105	1.0008	1.0002								
1993	55.7096	4.2582	1.9502	1.4446	1.1962	1.0981	1.0580	1.0380	1.0223	1.0134	1.0090	1.0115	1.0074									
1994	291.5671	4.3707	1.8403	1.3692	1.1965	1.0994	1.0654	1.0413	1.0182	1.0053	1.0090	1.0079										
1995	67.0388	3.5673	2.0688	1.4026	1.1976	1.1126	1.0557	1.0446	1.0289	1.0218	1.0178											
1996	46.3529	4.8911	1.8638	1.3607	1.2354	1.1359	1.0779	1.0304	1.0253	1.0123												
1997	23.5083	4.3401	1.9460	1.4568	1.2551	1.1194	1.0873	1.0298	1.0213													
1998	48.4937	4.4760	2.0450	1.5009	1.2453	1.1235	1.0537	1.0356														
1999	35.9021	4.9978	2.0971	1.4277	1.1969	1.1163	1.0526															
2000	175.7451	5.5160	1.9890	1.4212	1.1945	1.1200																
2001	51.5095	4.5389	2.0171	1.3533	1.1812																	
2002	99.8360	4.7317	1.8430	1.3785																		
2003	37.4564	3.9277	1.9009																			
2004	36.7671	4.0960																				
2005	35.0511																					
Avg	68.6404	4.3572	1.9358	1.4357	1.2692	1.1858	1.1754	1.1301	1.2451	1.0845	1.5677	1.2014	1.0443	1.0770	1.0426	1.1852	1.0390	1.0085	1.0248	1.0000	1.0001	1.0021
Vol Wtd Avg	41.5075	3.9878	1.8572	1.3728	1.1941	1.1091	1.0595	1.0352	1.0221	1.0128	1.0109	1.0070	1.0041	1.0032	1.0023	1.0012	1.0007	1.0008	1.0014	1.0000	1.0004	1.0012
Vol Wtd Avg Exc Hi/Lo	48.2498	4.1504	1.9051	1.3891	1.2012	1.1121	1.0598	1.0348	1.0230	1.0132	1.0107	1.0075	1.0040	1.0028	1.0022	1.0010	1.0006	1.0011	1.0002	1.0000	1.0000	1.0000
5 Yr Vol Wtd Avg	44.8317	4.4811	1.9578	1.4050	1.2069	1.1217	1.0640	1.0356	1.0232	1.0155	1.0103	1.0092	1.0036	1.0017	1.0012	1.0006	1.0004	1.0006	1.0001	1.0000	1.0004	1.0013
5 Yr Vol Wtd Avg Exc Hi/Lo	40.5782	4.4533	1.9673	1.4065	1.2077	1.1208	1.0618	1.0354	1.0229	1.0157	1.0097	1.0101	1.0033	1.0011	1.0010	1.0007	1.0003	1.0004	1.0001	1.0000	1.0000	1.0000
3 Yr Vol Wtd Avg	36.5128	4.2405	1.9170	1.3826	1.1903	1.1196	1.0624	1.0321	1.0247	1.0133	1.0121	1.0100	1.0040	1.0018	1.0017	1.0005	1.0003	1.0003	1.0000	1.0000	1.0005	1.0000
Selected	<u>44.8317</u>	<u>4.4811</u>	<u>1.9578</u>	<u>1.4050</u>	<u>1.2069</u>	<u>1.1217</u>	<u>1.0640</u>	<u>1.0356</u>	<u>1.0232</u>	<u>1.0155</u>	<u>1.0103</u>	<u>1.0092</u>	<u>1.0036</u>	<u>1.0017</u>	<u>1.0012</u>	<u>1.0006</u>	<u>1.0006</u>	<u>1.0013</u>	<u>1.0004</u>	<u>1.0001</u>	<u>1.0004</u>	<u>1.0000</u>
Cumulative	881.8055	19.6693	4.3894	2.2421	1.5958	1.3223	1.1788	1.1080	1.0699	1.0456	1.0297	1.0192	1.0099	1.0063	1.0047	1.0034	1.0028	1.0022	1.0009	1.0005	1.0004	1.0000
Ratio to Ultimate	0.0011	0.0508	0.2278	0.4460	0.6266	0.7563	0.8483	0.9025	0.9347	0.9564	0.9712	0.9811	0.9902	0.9937	0.9954	0.9966	0.9972	0.9978	0.9991	0.9995	0.9996	1.0000

## PPD + PTD LS - 14

Paid Loss Development  
As of 12/31/2006

[illegible]

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 15

Summary of Resolved Claim Counts  
As of 12/31/2006

Accident Year	Resolved Claims	Unresolved Claims	Ultimate Claims (1) + (2)
	(1)	(2)	(3)
1965	0	0	0
1966	0	0	0
1967	0	0	0
1968	0	0	0
1969	0	0	0
1970	0	0	0
1971	0	0	0
1972	1	0	1
1973	0	0	0
1974	0	0	0
1975	0	0	0
1976	1	0	1
1977	2	0	2
1978	3	0	3
1979	1	0	1
1980	4	0	4
1981	6	0	6
1982	8	0	8
1983	23	0	23
1984	40	0	40
1985	63	0	63
1986	1,565	0	1,565
1987	3,049	0	3,049
1988	4,779	0	4,779
1989	5,633	1	5,634
1990	5,466	1	5,467
1991	4,702	2	4,704
1992	3,414	3	3,417
1993	2,796	4	2,800
1994	2,659	6	2,665
1995	2,690	12	2,702
1996	2,787	19	2,806
1997	3,089	37	3,126
1998	3,234	71	3,305
1999	3,813	153	3,966
2000	4,008	281	4,289
2001	4,019	541	4,560
2002	3,799	980	4,779
2003	2,956	1,612	4,568
2004	1,839	2,571	4,410
2005	476	3,747	4,223
2006	15	4,063	4,078
Total	66,940	14,105	81,045



Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 16

Comparison of Ultimate Claims Estimates  
As of 12/31/2006

Accident Year	Resolved Claim Development	Bornhuetter- Ferguson Using Exposures and Resolved Claims	Straight Average	Ultimate Claims
	(1)	(2)	(3)	(4)
1965	0		0	0
1966	0		0	0
1967	0		0	0
1968	0		0	0
1969	0		0	0
1970	0		0	0
1971	0		0	0
1972	1		1	1
1973	0		0	0
1974	0		0	0
1975	0		0	0
1976	1		1	1
1977	2		2	2
1978	3		3	3
1979	1		1	1
1980	4		4	4
1981	6		6	6
1982	8		8	8
1983	23		23	23
1984	40		40	40
1985	63		63	63
1986	1,565		1,565	1,565
1987	3,049		3,049	3,049
1988	4,779		4,779	4,779
1989	5,634		5,634	5,634
1990	5,467		5,467	5,467
1991	4,704		4,704	4,704
1992	3,417		3,417	3,417
1993	2,800		2,800	2,800
1994	2,665		2,665	2,665
1995	2,702		2,702	2,702
1996	2,806		2,806	2,806
1997	3,126	3,133	3,130	3,126
1998	3,305	3,318	3,311	3,305
1999	3,966	3,972	3,969	3,966
2000	4,289	4,295	4,292	4,289
2001	4,560	4,550	4,555	4,560
2002	4,779	4,727	4,753	4,779
2003	4,568	4,516	4,542	4,568
2004	4,431	4,410	4,421	4,410
2005	3,933	4,223	4,078	4,223
2006	4,592	4,078	4,335	4,078
Total	81,291	41,221	81,126	81,045

Selections:

AY 1965 - 2003 : Resolved Claim Development

AY 2004 - 2006 : BF Method

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 17

Ultimate Claims Based on Resolved Claim Development  
As of 12/31/2006

Accident Year	Cumulative Resolved Claims	Selected Development Factors	Cumulative Development Factors	Ultimate Claims (1) x (3)
	(1)	(2)	(3)	(4)
1965	0	1.0000	1.0000	0
1966	0	1.0000	1.0000	0
1967	0	1.0000	1.0000	0
1968	0	1.0000	1.0000	0
1969	0	1.0000	1.0000	0
1970	0	1.0000	1.0000	0
1971	0	1.0000	1.0000	0
1972	1	1.0000	1.0000	1
1973	0	1.0000	1.0000	0
1974	0	1.0000	1.0000	0
1975	0	1.0000	1.0000	0
1976	1	1.0000	1.0000	1
1977	2	1.0000	1.0000	2
1978	3	1.0000	1.0000	3
1979	1	1.0000	1.0000	1
1980	4	1.0000	1.0000	4
1981	6	1.0000	1.0000	6
1982	8	1.0000	1.0000	8
1983	23	1.0000	1.0000	23
1984	40	1.0000	1.0000	40
1985	63	1.0000	1.0000	63
1986	1,565	1.0000	1.0000	1,565
1987	3,049	1.0000	1.0000	3,049
1988	4,779	1.0000	1.0000	4,779
1989	5,633	1.0001	1.0001	5,634
1990	5,466	1.0001	1.0002	5,467
1991	4,702	1.0002	1.0005	4,704
1992	3,414	1.0003	1.0008	3,417
1993	2,796	1.0007	1.0015	2,800
1994	2,659	1.0008	1.0023	2,665
1995	2,690	1.0021	1.0043	2,702
1996	2,787	1.0027	1.0070	2,806
1997	3,089	1.0050	1.0120	3,126
1998	3,234	1.0097	1.0219	3,305
1999	3,813	1.0180	1.0402	3,966
2000	4,008	1.0289	1.0702	4,289
2001	4,019	1.0601	1.1346	4,560
2002	3,799	1.1087	1.2579	4,779
2003	2,956	1.2286	1.5455	4,568
2004	1,839	1.5592	2.4097	4,431
2005	476	3.4291	8.2631	3,933
2006	15	37.0465	306.1203	4,592
Total	66,940			81,291

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 18

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Resolved Claims  
As of 12/31/2006

Accident Year	Exposures	Selected Frequency	Expected Claims (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Resolved to Ultimate Claims 1 / (5)	Ratio of Undeveloped Resolved to Ultimate Claims 1 - (6)	Undeveloped Resolved Claims (3) x (7)	Cumulative Resolved Claims	Ultimate Claims (8) + (9)	Calculated Frequency (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1965				1.0000	1.0000	1.0000	0.0000		\$ -		
1966				1.0000	1.0000	1.0000	0.0000		-		
1967				1.0000	1.0000	1.0000	0.0000		-		
1968				1.0000	1.0000	1.0000	0.0000		-		
1969				1.0000	1.0000	1.0000	0.0000		-		
1970				1.0000	1.0000	1.0000	0.0000		-		
1971				1.0000	1.0000	1.0000	0.0000		-		
1972				1.0000	1.0000	1.0000	0.0000		1		
1973				1.0000	1.0000	1.0000	0.0000		-		
1974				1.0000	1.0000	1.0000	0.0000		-		
1975				1.0000	1.0000	1.0000	0.0000		-		
1976				1.0000	1.0000	1.0000	0.0000		1		
1977				1.0000	1.0000	1.0000	0.0000		2		
1978				1.0000	1.0000	1.0000	0.0000		3		
1979				1.0000	1.0000	1.0000	0.0000		1		
1980				1.0000	1.0000	1.0000	0.0000		4		
1981				1.0000	1.0000	1.0000	0.0000		6		
1982				1.0000	1.0000	1.0000	0.0000		8		
1983				1.0000	1.0000	1.0000	0.0000		23		
1984				1.0000	1.0000	1.0000	0.0000		40		
1985				1.0000	1.0000	1.0000	0.0000		63		
1986				1.0000	1.0000	1.0000	0.0000		1,565		
1987				1.0000	1.0000	1.0000	0.0000		3,049		
1988				1.0000	1.0000	1.0000	0.0000		4,779		
1989				1.0001	1.0001	0.9999	0.0001		5,633		
1990				1.0001	1.0002	0.9998	0.0002		5,466		
1991				1.0002	1.0005	0.9995	0.0005		4,702		
1992				1.0003	1.0008	0.9992	0.0008		3,414		
1993				1.0007	1.0015	0.9985	0.0015		2,796		
1994				1.0008	1.0023	0.9977	0.0023		2,659		
1995				1.0021	1.0043	0.9957	0.0043		2,690		
1996				1.0027	1.0070	0.9931	0.0069		2,787		
1997	71,024	0.0520	3,693	1.0050	1.0120	0.9881	0.0119	44	3,089	3,133	0.0441
1998	75,251	0.0520	3,913	1.0097	1.0219	0.9786	0.0214	84	3,234	3,318	0.0441
1999	79,274	0.0520	4,122	1.0180	1.0402	0.9613	0.0387	159	3,813	3,972	0.0501
2000	84,020	0.0520	4,369	1.0289	1.0702	0.9344	0.0656	287	4,008	4,295	0.0511
2001	86,010	0.0520	4,473	1.0601	1.1346	0.8814	0.1186	531	4,019	4,550	0.0529
2002	87,005	0.0520	4,524	1.1087	1.2579	0.7950	0.2050	928	3,799	4,727	0.0543
2003	88,385	0.0500	4,419	1.2286	1.5455	0.6470	0.3530	1,560	2,956	4,516	0.0511
2004	91,552	0.0480	4,394	1.5592	2.4097	0.4150	0.5850	2,571	1,839	4,410	0.0482
2005	95,790	0.0445	4,263	3.4291	8.2631	0.1210	0.8790	3,747	476	4,223	0.0441
2006	99,430	0.0410	4,077	37.0465	306.1203	0.0033	0.9967	4,063	15	4,078	0.0410
Total	857,741		\$ 42,247					\$ 13,973	\$ 66,940	\$ 41,221	

## PPD + PTD LS - 19

Cumulative Resolved Claims  
As of 12/31/2006

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216
1965																		
1966																		
1967																		
1968																		
1969																		
1970																		
1971																		
1972																		0
1973																	0	0
1974																0	0	0
1975															0	0	0	0
1976														0	0	0	0	0
1977													0	0	0	0	0	1
1978												0	1	1	1	1	1	1
1979											0	0	0	0	0	1	1	1
1980										0	0	0	0	0	1	2	2	3
1981									0	0	0	1	1	2	3	4	4	5
1982								0	0	0	0	0	4	4	7	8	8	8
1983							1	1	1	1	3	11	15	20	23	23	23	23
1984						0	0	1	1	1	18	26	33	35	36	39	39	39
1985					0	0	2	2	3	22	36	50	54	58	59	60	62	62
1986				500	1,045	1,295	1,440	1,461	1,496	1,525	1,544	1,556	1,559	1,561	1,563	1,564	1,565	1,565
1987			782	1,820	2,411	2,757	2,811	2,908	2,952	2,996	3,014	3,027	3,032	3,042	3,046	3,048	3,049	3,049
1988		722	2,368	3,489	4,183	4,305	4,520	4,623	4,699	4,728	4,754	4,761	4,766	4,769	4,775	4,777	4,778	4,779
1989	32	1,213	3,173	4,411	4,677	5,129	5,326	5,457	5,543	5,581	5,607	5,621	5,627	5,629	5,630	5,632	5,632	5,633
1990	68	1,466	3,273	3,735	4,616	4,937	5,170	5,307	5,378	5,407	5,424	5,440	5,452	5,456	5,463	5,464	5,466	
1991	108	1,123	1,755	3,224	3,801	4,186	4,426	4,544	4,614	4,651	4,678	4,688	4,696	4,700	4,701	4,702		
1992	15	318	1,464	2,183	2,685	3,030	3,213	3,295	3,341	3,378	3,398	3,402	3,410	3,413	3,414			
1993	10	381	1,081	1,793	2,242	2,492	2,614	2,693	2,746	2,770	2,780	2,787	2,792	2,796				
1994	10	341	1,096	1,715	2,133	2,363	2,497	2,583	2,619	2,639	2,645	2,653	2,659					
1995	10	356	1,028	1,731	2,149	2,381	2,529	2,589	2,633	2,656	2,676	2,690						
1996	11	311	1,103	1,776	2,191	2,482	2,630	2,696	2,739	2,772	2,787							
1997	11	377	1,203	1,963	2,465	2,745	2,883	2,992	3,055	3,089								
1998	11	359	1,278	2,110	2,634	2,912	3,080	3,168	3,234									
1999	15	451	1,639	2,597	3,137	3,485	3,708	3,813										
2000	11	504	1,803	2,735	3,409	3,760	4,008											
2001	13	576	1,856	2,944	3,617	4,019												
2002	13	546	2,033	3,122	3,799													
2003	17	569	1,875	2,956														
2004	14	548	1,839															
2005	12	476																
2006	15																	

## PPD + PTD LS - 20

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]

Missouri Second Injury Fund  
 Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims  
 Cumulative Resolved Claims  
 As of 12/31/2006

PPD + PTD LS - 21  
 (Part 3)

Accident Year	444	456	468	480	492	504
1965	0	0	0	0	0	0
1966	0	0	0	0	0	
1967	0	0	0	0		
1968	0	0	0			
1969	0	0				
1970	0					

Missouri Second Injury Fund  
Permanent Partial Disability Claims and Permanent Total Disability Lump Sum Claims

PPD + PTD LS - 22

(Part 1)

Resolved Claim Development  
As of 12/31/2006

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276
1965																						
1966																						
1967																						
1968																						0.0000
1969																					0.0000	0.0000
1970																				0.0000	0.0000	0.0000
1971																			0.0000	0.0000	0.0000	0.0000
1972																		0.0000	0.0000	0.0000	0.0000	0.0000
1973																	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1974																0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1975															0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1976														0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1977													0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1978												0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1979											0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1980										0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1981									0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1982								0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1983							0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1984						0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1985					0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1986				0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1987			0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1988		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1989	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1990	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1991	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1992	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1993	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1994	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1995	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1996	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1997	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1998	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1999	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Avg	33.4422	3.1964	1.6035	1.2760	1.1133	1.0567	1.0240	1.0452	1.4302	2.4070	1.2718	1.0561	1.1055	1.1117	1.1215	1.0027	1.0625	1.1132	1.1667	1.0000	1.0016	1.0222
Vol Wtd Avg	26.0236	2.9394	1.5378	1.2233	1.1030	1.0538	1.0274	1.0166	1.0095	1.0061	1.0037	1.0021	1.0014	1.0011	1.0006	1.0003	1.0003	1.0003	1.0004	1.0000	1.0067	1.0115
Vol Wtd Avg Exc Hi/Lo	31.6336	3.0560	1.5653	1.2311	1.1070	1.0542	1.0267	1.0165	1.0090	1.0059	1.0037	1.0020	1.0014	1.0010	1.0006	1.0003	1.0002	1.0004	1.0000	1.0000	1.0000	1.0000
5 Yr Vol Wtd Avg	39.3478	3.4291	1.5592	1.2286	1.1087	1.0601	1.0289	1.0180	1.0097	1.0050	1.0027	1.0021	1.0008	1.0007	1.0003	1.0002	1.0001	1.0001	1.0000	1.0000	1.0072	1.0125
5 Yr Vol Wtd Avg Exc Hi/Lo	40.2564	3.4035	1.5639	1.2300	1.1095	1.0607	1.0275	1.0181	1.0096	1.0050	1.0025	1.0021	1.0008	1.0006	1.0003	1.0003	1.0001	1.0000	1.0000	1.0000	1.0000	1.0000
3 Yr Vol Wtd Avg	37.0465	3.4558	1.5652	1.2300	1.1083	1.0629	1.0312	1.0194	1.0107	1.0051	1.0036	1.0021	1.0010	1.0007	1.0003	1.0002	1.0001	1.0000	1.0000	1.0000	1.0080	1.0000
Selected	<u>37.0465</u>	<u>3.4291</u>	<u>1.5592</u>	<u>1.2286</u>	<u>1.1087</u>	<u>1.0601</u>	<u>1.0289</u>	<u>1.0180</u>	<u>1.0097</u>	<u>1.0050</u>	<u>1.0027</u>	<u>1.0021</u>	<u>1.0008</u>	<u>1.0007</u>	<u>1.0003</u>	<u>1.0002</u>	<u>1.0001</u>	<u>1.0001</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Cumulative	306.1203	8.2631	2.4097	1.5455	1.2579	1.1346	1.0702	1.0402	1.0219	1.0120	1.0070	1.0043	1.0023	1.0015	1.0008	1.0005	1.0002	1.0001	1.0000	1.0000	1.0000	1.0000
Ratio to Ultimate	0.0033	0.1210	0.4150	0.6470	0.7950	0.8814	0.9344	0.9613	0.9786	0.9881	0.9931	0.9957	0.9977	0.9985	0.9992	0.9995	0.9998	0.9999	1.0000	1.0000	1.0000	1.0000

## PPD + PTD LS - 23

Resolved Claim Development  
As of 12/31/2006

[illegible]



**Missouri Second Injury Fund  
Medical Claims  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior			
1989	108,178	106,098	2,080
1990	1,480,306	1,440,323	39,984
1991	389,119	374,860	14,259
1992	275,259	262,028	13,231
1993	292,594	274,685	17,910
1994	432,608	398,947	33,661
1995	1,275,955	1,153,601	122,354
1996	432,372	383,246	49,126
1997	586,241	531,883	54,358
1998	355,316	299,638	55,678
1999	418,866	339,162	79,704
2000	424,484	323,914	100,570
2001	568,977	398,120	170,857
2002	503,512	317,862	185,651
2003	551,189	219,640	331,549
2004	603,856	150,802	453,054
2005	647,337	102,651	544,686
2006	590,342	0	590,342
Total	9,936,512	7,077,459	2,859,054

**Missouri Second Injury Fund  
Medical Claims  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Ultimate Indemnity Claims (2)	Ultimate Severity (1)/(2) (3)	Ultimate Payroll \$millions (4)	Ultimate Frequency (2)/(4) (5)	Ultimate Pure Premium (1)/(4) (6)
1988 & prior						
1989	108,178	34	3,182			
1990	1,480,306	48	30,798			
1991	389,119	42	9,236			
1992	275,259	51	5,369			
1993	292,594	38	7,637			
1994	432,608	28	15,267			
1995	1,275,955	40	32,163			
1996	432,372	37	11,746			
1997	586,241	28	21,026	71,024	0.0004	8.25
1998	355,316	27	13,073	75,251	0.0004	4.72
1999	418,866	21	20,268	79,274	0.0003	5.28
2000	424,484	30	14,367	84,020	0.0004	5.05
2001	568,977	39	14,529	86,010	0.0005	6.62
2002	503,512	33	15,032	87,005	0.0004	5.79
2003	551,189	35	15,556	88,385	0.0004	6.24
2004	603,856	47	12,749	91,552	0.0005	6.60
2005	647,337	51	12,810	95,790	0.0005	6.76
2006	590,342	50	11,883	99,430	0.0005	5.94
2007	631,637	53	12,000	103,209	0.0005	6.12
2008	685,470	56	12,240	107,131	0.0005	6.40
2009	743,892	60	12,485	111,201	0.0005	6.69
2010	807,293	63	12,734	115,427	0.0005	6.99
2011	876,098	67	12,989	119,813	0.0006	7.31
2012	950,767	72	13,249	124,366	0.0006	7.64
Assumed 2007 Severity		12,000				
Assumed Annual Severity Trend		2.00%				
Assumed 2007 Frequency		0.0005				
Assumed Annual Frequency Trend		2.50%				

**Missouri Second Injury Fund  
Medical Claims  
Calendar Year 2007 - 2012 Payment Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Calendar Year Payments						Total Payments (8)
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
		(2)	(3)	(4)	(5)	(6)	(7)	
2006 & prior	9,936,512	528,307	520,125	462,917	334,959	197,133	160,650	2,204,092
2007	631,637	6,606	26,424	77,653	141,014	147,048	43,218	441,963
2008	685,470		7,169	28,676	84,271	153,033	159,581	432,730
2009	743,892			7,780	31,120	91,453	166,075	296,429
2010	807,293				8,443	33,773	99,248	141,464
2011	876,098					9,163	36,651	45,814
2012	950,767						9,944	9,944
Total	14,631,670	534,913	553,718	577,026	599,808	631,603	675,367	3,572,435

**Missouri Second Injury Fund  
Medical Claims  
Nominal Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	2,330,747	1,810,622	1,347,704	1,012,745	815,612	654,962
2007	625,031	598,607	520,954	379,940	232,891	189,673
2008		678,301	649,625	565,354	412,321	252,741
2009			736,112	704,992	613,539	447,463
2010				798,850	765,078	665,830
2011					866,936	830,285
2012						940,824
Total	2,955,777	3,087,530	3,254,395	3,461,881	3,706,377	3,981,777

**Missouri Second Injury Fund  
Medical Claims  
Discounted Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	2,021,421	1,571,852	1,162,641	867,554	701,219	565,436
2007	523,518	517,511	459,021	333,575	196,958	160,762
2008		568,137	561,618	498,143	362,005	213,744
2009			616,559	609,484	540,599	392,859
2010				669,107	661,430	586,674
2011					726,135	717,803
2012						788,022
Total	2,544,939	2,657,500	2,799,839	2,977,864	3,188,346	3,425,301

Missouri Second Injury Fund  
Medical Claims

MED - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1989	\$ 106,098	\$ 2,080	\$ 108,178
1990	1,440,323	39,984	1,480,306
1991	374,860	14,259	389,119
1992	262,028	13,231	275,259
1993	274,685	17,910	292,594
1994	398,947	33,661	432,608
1995	1,153,601	122,354	1,275,955
1996	383,246	49,126	432,372
1997	531,883	54,358	586,241
1998	299,638	55,678	355,316
1999	339,162	79,704	418,866
2000	323,914	100,570	424,484
2001	398,120	170,857	568,977
2002	317,862	185,651	503,512
2003	219,640	331,549	551,189
2004	150,802	453,054	603,856
2005	102,651	544,686	647,337
2006	-	590,342	590,342
Total	\$7,077,459	\$ 2,859,054	\$ 9,936,512

Missouri Second Injury Fund  
Medical Claims

MED - 7

Comparison of Ultimate Loss Estimates  
As of 12/31/2006

Accident Year	Paid Loss Development	Bornhuetter- Ferguson Using Exposures and Paid Loss	Straight Average	Ultimate Loss
	(1)	(2)	(3)	(4)
1989	\$ 108,178		\$ 108,178	\$ 108,178
1990	1,480,306		1,480,306	1,480,306
1991	389,119		389,119	389,119
1992	275,259		275,259	275,259
1993	292,594		292,594	292,594
1994	432,608		432,608	432,608
1995	1,275,955		1,275,955	1,275,955
1996	432,372		432,372	432,372
1997	613,841	588,781	601,311	586,241
1998	355,316	370,389	362,852	355,316
1999	418,866	429,671	424,269	418,866
2000	424,484	443,351	433,918	424,484
2001	568,977	553,086	561,031	568,977
2002	503,512	510,340	506,926	503,512
2003	551,189	538,628	544,909	551,189
2004	860,584	603,856	732,220	603,856
2005	1,963,000	647,337	1,305,169	647,337
2006	-	590,342	295,171	590,342
Total	\$ 10,946,161	\$ 5,275,781	\$10,454,167	\$9,936,512

Selections:

AY 1989 - 2003 : Paid Loss Development

AY 2004 - 2006 : BF Method

Missouri Second Injury Fund  
Medical Claims

MED - 8

Ultimate Loss Based on Paid Loss Development  
As of 12/31/2006

Accident Year	Cumulative Paid Loss	Selected Development Factors	Cumulative Development Factors	Ultimate Loss (1) x (3)
	(1)	(2)	(3)	(4)
1989	\$ 106,098	1.020	1.020	\$ 108,178
1990	1,440,323	1.008	1.028	1,480,306
1991	374,860	1.010	1.038	389,119
1992	262,028	1.012	1.050	275,259
1993	274,685	1.014	1.065	292,594
1994	398,947	1.018	1.084	432,608
1995	1,153,601	1.020	1.106	1,275,955
1996	383,246	1.020	1.128	432,372
1997	531,883	1.023	1.154	613,841
1998	299,638	1.027	1.186	355,316
1999	339,162	1.041	1.235	418,866
2000	323,914	1.061	1.310	424,484
2001	398,120	1.091	1.429	568,977
2002	317,862	1.108	1.584	503,512
2003	219,640	1.584	2.510	551,189
2004	150,802	2.274	5.707	860,584
2005	102,651	3.351	19.123	1,963,000
2006	-	5.000	95.615	-
Total	\$7,077,459			\$10,946,161



Missouri Second Injury Fund  
Medical Claims

MED - 9

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Paid Loss  
As of 12/31/2006

Accident Year	Exposures	Selected Loss Rate	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Loss Rate (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989				1.020	1.020	0.981	0.019		\$ 106,098		
1990				1.008	1.028	0.973	0.027		1,440,323		
1991				1.010	1.038	0.963	0.037		374,860		
1992				1.012	1.050	0.952	0.048		262,028		
1993				1.014	1.065	0.939	0.061		274,685		
1994				1.018	1.084	0.922	0.078		398,947		
1995				1.020	1.106	0.904	0.096		1,153,601		
1996				1.020	1.128	0.886	0.114		383,246		
1997	71,024	6.000	426,146	1.023	1.154	0.866	0.134	56,898	531,883	588,781	8.290
1998	75,251	6.000	451,506	1.027	1.186	0.843	0.157	70,751	299,638	370,389	4.922
1999	79,274	6.000	475,645	1.041	1.235	0.810	0.190	90,509	339,162	429,671	5.420
2000	84,020	6.000	504,121	1.061	1.310	0.763	0.237	119,438	323,914	443,351	5.277
2001	86,010	6.000	516,058	1.091	1.429	0.700	0.300	154,966	398,120	553,086	6.431
2002	87,005	6.000	522,030	1.108	1.584	0.631	0.369	192,478	317,862	510,340	5.866
2003	88,385	6.000	530,307	1.584	2.510	0.398	0.602	318,988	219,640	538,628	6.094
2004	91,552	6.000	549,311	2.274	5.707	0.175	0.825	453,054	150,802	603,856	6.596
2005	95,790	6.000	574,741	3.351	19.123	0.052	0.948	544,686	102,651	647,337	6.758
2006	99,430	6.000	596,581	5.000	95.615	0.010	0.990	590,342	-	590,342	5.937
Total	857,741		\$ 5,146,446					\$ 2,592,111	\$7,077,459	\$ 5,275,781	

## MED - 10

[illegible]

Missouri Second Injury Fund  
Medical Claims

MED - 11

Paid Loss Development  
As of 12/31/2006

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-Ult
1989	4.281	2.893	1.285	1.026	1.048	1.000	1.034	1.021	1.000	1.025	1.005	1.019	1.006	1.006	1.000	1.017	1.008	
1990	0.000	1.508	1.406	1.226	1.754	1.094	2.363	1.499	1.078	1.081	1.076	1.022	1.092	1.019	1.082	1.099		
1991	0.000	4.085	1.512	2.139	1.111	1.043	1.229	1.047	1.044	1.000	1.000	1.000	1.000	1.000	1.000			
1992	0.000	0.000	1.578	1.749	1.152	1.150	1.061	1.002	1.020	1.000	1.025	1.017	1.000	1.000				
1993	0.000	4.061	1.273	1.855	1.572	1.075	1.035	1.000	1.000	1.000	1.000	1.000	1.531					
1994	0.000	3.134	1.243	1.117	1.043	3.562	1.273	1.000	1.083	1.012	1.000	1.000						
1995	0.000	1.983	1.840	1.515	1.540	1.142	1.694	1.034	1.195	1.047	1.133							
1996	0.000	1.415	3.470	1.473	1.787	1.043	1.010	1.118	1.000	1.000								
1997	0.000	1.286	2.721	2.924	1.235	1.059	1.052	1.002	1.048									
1998	0.000	8.043	1.698	2.409	1.119	1.341	1.006	1.127										
1999	0.000	42.689	1.231	3.511	1.014	1.020	1.000											
2000	0.000	0.000	4.883	1.092	1.131	1.104												
2001	0.000	15.744	2.482	1.190	1.047													
2002	0.000	25.224	1.982	1.598														
2003	0.000	1.319	1.886															
2004	0.000	3.163																
2005	0.000																	
Avg	4.281	8.325	2.033	1.773	1.273	1.303	1.250	1.085	1.052	1.021	1.034	1.010	1.126	1.006	1.027	1.058	1.008	
Vol Wtd Avg	4.281	2.892	1.961	1.648	1.240	1.159	1.264	1.109	1.079	1.036	1.066	1.013	1.098	1.012	1.059	1.093	1.008	
Vol Wtd Avg Exc Hi/Lo	4.281	2.854	1.869	1.577	1.228	1.097	1.198	1.044	1.054	1.023	1.043	1.007	1.064	1.001	1.000			
5 Yr Vol Wtd Avg		3.351	2.274	1.584	1.108	1.091	1.186	1.045	1.095	1.023	1.064	1.012	1.098	1.012	1.059	1.093	1.008	
5 Yr Vol Wtd Avg Exc Hi/Lo		5.005	2.136	1.478	1.089	1.066	1.027	1.041	1.052	1.006	1.008	1.005	1.064	1.001	1.000			
3 Yr Vol Wtd Avg		2.627	2.136	1.267	1.058	1.127	1.024	1.067	1.107	1.029	1.085	1.005	1.117	1.012	1.059	1.093	1.008	
Inv Power	28.796	4.142	1.878	1.355	1.176	1.099	1.061	1.040	1.028	1.020	1.015	1.011	1.009	1.007	1.006	1.005	1.004	1.020
Selected	<u>5.000</u>	<u>3.351</u>	<u>2.274</u>	<u>1.584</u>	<u>1.108</u>	<u>1.091</u>	<u>1.061</u>	<u>1.041</u>	<u>1.027</u>	<u>1.023</u>	<u>1.020</u>	<u>1.020</u>	<u>1.018</u>	<u>1.014</u>	<u>1.012</u>	<u>1.010</u>	<u>1.008</u>	<u>1.020</u>
Cumulative	95.615	19.123	5.707	2.510	1.584	1.429	1.310	1.235	1.186	1.154	1.128	1.106	1.084	1.065	1.050	1.038	1.028	1.020
Ratio to Ultimate	0.010	0.052	0.175	0.398	0.631	0.700	0.763	0.810	0.843	0.866	0.886	0.904	0.922	0.939	0.952	0.963	0.973	0.981

Missouri Second Injury Fund  
Medical Claims

MED - 12

Summary of Resolved Claim Counts  
As of 12/31/2006

Accident Year	Resolved Claims	Unresolved Claims	Ultimate Claims (1) + (2)
	(1)	(2)	(3)
1989	34	0	34
1990	48	0	48
1991	42	0	42
1992	51	0	51
1993	38	0	38
1994	28	0	28
1995	39	1	40
1996	36	1	37
1997	27	1	28
1998	26	1	27
1999	19	2	21
2000	26	4	30
2001	32	7	39
2002	23	10	33
2003	19	16	35
2004	14	33	47
2005	5	46	51
2006	0	50	50
Total	507	173	680

Missouri Second Injury Fund  
Medical Claims

MED - 13

Comparison of Ultimate Claims Estimates  
As of 12/31/2006

Accident Year	Resolved Claim Development	Bornhuetter- Ferguson Using Exposures and Resolved Claims	Straight Average	Ultimate Claims
	(1)	(2)	(3)	(4)
1989	34		34	34
1990	48		48	48
1991	42		42	42
1992	51		51	51
1993	38		38	38
1994	28		28	28
1995	40		40	40
1996	37		37	37
1997	28	28	28	28
1998	27	28	27	27
1999	21	22	21	21
2000	30	31	30	30
2001	39	40	40	39
2002	33	37	35	33
2003	35	39	37	35
2004	52	47	49	47
2005	101	51	76	51
2006	0	50	25	50
Total	685	373	688	680

Selections:

AY 1989 - 2003 : Resolved Claim Development

AY 2004 - 2006 : BF Method

Missouri Second Injury Fund  
Medical Claims

MED - 14

Ultimate Claims Based on Resolved Claim Development  
As of 12/31/2006

Accident Year	Cumulative Resolved Claims	Selected Development Factors	Cumulative Development Factors	Ultimate Claims (1) x (3)
	(1)	(2)	(3)	(4)
1989	34	1.000	1.000	34
1990	48	1.001	1.001	48
1991	42	1.002	1.003	42
1992	51	1.002	1.005	51
1993	38	1.003	1.008	38
1994	28	1.004	1.012	28
1995	39	1.005	1.017	40
1996	36	1.005	1.023	37
1997	27	1.010	1.033	28
1998	26	1.012	1.045	27
1999	19	1.041	1.088	21
2000	26	1.045	1.136	30
2001	32	1.077	1.224	39
2002	23	1.190	1.456	33
2003	19	1.280	1.865	35
2004	14	1.978	3.688	52
2005	5	5.500	20.285	101
2006	0	69.414	1,408.087	0
Total	507			685

Missouri Second Injury Fund  
Medical Claims

MED - 15

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Resolved Claims  
As of 12/31/2006

Accident Year	Exposures	Selected Frequency	Expected Claims (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Resolved to Ultimate Claims 1 / (5)	Ratio of Undeveloped Resolved to Ultimate Claims 1 - (6)	Undeveloped Resolved Claims (3) x (7)	Cumulative Resolved Claims	Ultimate Claims (8) + (9)	Calculated Frequency (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989				1.000	1.000	1.000	0.000		\$ 34		
1990				1.001	1.001	0.999	0.001		48		
1991				1.002	1.003	0.997	0.003		42		
1992				1.002	1.005	0.995	0.005		51		
1993				1.003	1.008	0.992	0.008		38		
1994				1.004	1.012	0.988	0.012		28		
1995				1.005	1.017	0.983	0.017		39		
1996				1.005	1.023	0.978	0.022		36		
1997	71,024	0.001	36	1.010	1.033	0.968	0.032	1	27	28	0.000
1998	75,251	0.001	38	1.012	1.045	0.957	0.043	2	26	28	0.000
1999	79,274	0.001	40	1.041	1.088	0.919	0.081	3	19	22	0.000
2000	84,020	0.001	42	1.045	1.136	0.880	0.120	5	26	31	0.000
2001	86,010	0.001	43	1.077	1.224	0.817	0.183	8	32	40	0.000
2002	87,005	0.001	44	1.190	1.456	0.687	0.313	14	23	37	0.000
2003	88,385	0.001	44	1.280	1.865	0.536	0.464	20	19	39	0.000
2004	91,552	0.001	46	1.978	3.688	0.271	0.729	33	14	47	0.001
2005	95,790	0.001	48	5.500	20.285	0.049	0.951	46	5	51	0.001
2006	99,430	0.001	50	69.414	1,408.087	0.001	0.999	50	-	50	0.000
Total	857,741		\$ 429					\$ 182	\$ 507	\$ 373	

## MED - 16

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]



Missouri Second Injury Fund  
Medical Claims

MED - 17

Resolved Claim Development  
As of 12/31/2006

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-Ult
1989	8.000	2.500	1.300	1.077	1.000	1.000	1.107	1.032	1.000	1.063	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990	0.000	1.889	1.412	1.208	1.103	1.094	1.171	1.073	1.023	1.044	1.021	1.000	1.000	1.000	1.000	1.000		
1991	0.000	2.000	1.429	1.350	1.259	1.029	1.114	1.026	1.050	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1992	0.000	8.500	1.412	1.417	1.265	1.070	1.022	1.000	1.021	1.000	1.021	1.041	1.000	1.000				
1993	0.000	2.500	3.000	1.533	1.391	1.000	1.094	1.000	1.000	1.000	1.000	1.000	1.086					
1994	0.000	3.000	1.667	1.267	1.158	1.091	1.125	1.000	1.037	1.000	1.000	1.000						
1995	0.000	5.000	1.333	1.450	1.103	1.063	1.059	1.083	1.000	1.000	1.000							
1996	0.000	8.000	2.000	1.563	1.200	1.100	1.061	1.029	1.000	1.000								
1997	0.000	2.500	2.400	1.500	1.222	1.091	1.042	1.040	1.038									
1998	0.000	3.000	1.333	1.500	1.278	1.043	1.042	1.040										
1999	0.000	4.500	1.333	1.250	1.200	1.056	1.000											
2000	0.000	0.000	2.500	1.267	1.263	1.083												
2001	0.000	9.000	2.444	1.364	1.067													
2002	0.000	4.500	2.333	1.095														
2003	0.000	3.000	1.583															
2004	0.000	14.000																
2005	0.000																	
Avg	8.000	4.926	1.832	1.346	1.193	1.060	1.076	1.032	1.019	1.013	1.006	1.007	1.017	1.000	1.000	1.000	1.000	
Vol Wtd Avg	8.000	3.440	1.665	1.327	1.185	1.059	1.078	1.032	1.018	1.013	1.007	1.008	1.014	1.000	1.000	1.000	1.000	
Vol Wtd Avg Exc Hi/Lo	8.000	3.525	1.669	1.340	1.186	1.061	1.071	1.029	1.016	1.008	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
5 Yr Vol Wtd Avg		5.500	1.978	1.280	1.190	1.077	1.045	1.041	1.012	1.000	1.005	1.010	1.014	1.000	1.000	1.000	1.000	
5 Yr Vol Wtd Avg Exc Hi/Lo		6.000	2.067	1.306	1.231	1.078	1.049	1.035	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3 Yr Vol Wtd Avg		5.000	2.067	1.241	1.156	1.062	1.030	1.035	1.010	1.000	1.000	1.018	1.023	1.000	1.000	1.000	1.000	
Inv Power	69.414	5.845	2.029	1.343	1.146	1.073	1.040	1.024	1.015	1.010	1.007	1.005	1.004	1.003	1.002	1.002	1.001	1.005
Selected	<u>69.414</u>	<u>5.500</u>	<u>1.978</u>	<u>1.280</u>	<u>1.190</u>	<u>1.077</u>	<u>1.045</u>	<u>1.041</u>	<u>1.012</u>	<u>1.010</u>	<u>1.005</u>	<u>1.005</u>	<u>1.004</u>	<u>1.003</u>	<u>1.002</u>	<u>1.002</u>	<u>1.001</u>	<u>1.000</u>
Cumulative	1,408.087	20.285	3.688	1.865	1.456	1.224	1.136	1.088	1.045	1.033	1.023	1.017	1.012	1.008	1.005	1.003	1.001	1.000
Ratio to Ultimate	0.001	0.049	0.271	0.536	0.687	0.817	0.880	0.919	0.957	0.968	0.978	0.983	0.988	0.992	0.995	0.997	0.999	1.000

LOST - 1

**Missouri Second Injury Fund  
Lost Wages Claims  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior			
1989			
1990			
1991			
1992	1,313	1,313	0
1993	51,636	51,636	0
1994	214,347	214,347	0
1995	210,996	210,996	0
1996	173,505	172,986	519
1997	0	0	0
1998	60,661	59,562	1,099
1999	234,844	225,543	9,301
2000	292,840	272,529	20,311
2001	319,505	291,464	28,041
2002	305,491	258,442	47,049
2003	232,448	177,496	54,952
2004	316,167	186,398	129,769
2005	304,301	81,586	222,715
2006	324,629	3,199	321,430
Total	3,042,683	2,207,498	835,184

**Missouri Second Injury Fund  
Lost Wages Claims  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Ultimate Indemnity Claims (2)	Ultimate Severity (1)/(2) (3)	Ultimate Payroll \$millions (4)	Ultimate Frequency (2)/(4) (5)	Ultimate Pure Premium (1)/(4) (6)
1988 & prior						
1989						
1990						
1991						
1992	1,313	2	657			
1993	51,636	21	2,459			
1994	214,347	76	2,820			
1995	210,996	74	2,851			
1996	173,505	46	3,772			
1997	0	0	0	71,024	0.0000	0.00
1998	60,661	30	2,010	75,251	0.0004	0.81
1999	234,844	82	2,857	79,274	0.0010	2.96
2000	292,840	102	2,867	84,020	0.0012	3.49
2001	319,505	94	3,389	86,010	0.0011	3.71
2002	305,491	119	2,559	87,005	0.0014	3.51
2003	232,448	100	2,317	88,385	0.0011	2.63
2004	316,167	101	3,143	91,552	0.0011	3.45
2005	304,301	94	3,223	95,790	0.0010	3.18
2006	324,629	96	3,396	99,430	0.0010	3.26
2007	315,818	105	3,000	103,209	0.0010	3.06
2008	334,786	104	3,225	107,131	0.0010	3.13
2009	354,892	102	3,467	111,201	0.0009	3.19
2010	376,206	101	3,727	115,427	0.0009	3.26
2011	398,800	100	4,006	119,813	0.0008	3.33
2012	422,751	98	4,307	124,366	0.0008	3.40
Assumed 2007 Severity		3,000				
Assumed Annual Severity Trend		7.50%				
Assumed 2007 Frequency		0.0010				
Assumed Annual Frequency Trend		-5.00%				

**Missouri Second Injury Fund  
Lost Wages Claims  
Calendar Year 2007 - 2012 Payment Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Calendar Year Payments						Total Payments (8)
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
		(2)	(3)	(4)	(5)	(6)	(7)	
2006 & prior	3,042,683	291,314	212,499	132,016	75,639	49,334	28,172	788,973
2007	315,818	24,118	81,904	81,895	53,240	26,021	20,922	288,101
2008	334,786		25,567	86,823	86,814	56,437	27,584	283,225
2009	354,892			27,102	92,038	92,028	59,827	270,994
2010	376,206				28,730	97,565	97,555	223,850
2011	398,800					30,455	103,425	133,880
2012	422,751						32,284	32,284
Total	5,245,935	315,432	319,970	327,837	336,460	351,840	369,768	2,021,307

**Missouri Second Injury Fund  
Lost Wages Claims  
Nominal Reserves at Year End 2007 - 2012**

Accident Year	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	543,871	331,372	199,356	123,717	74,383	46,211
2007	291,700	209,796	127,900	74,661	48,639	27,718
2008		309,219	222,396	135,582	79,145	51,561
2009			327,790	235,752	143,724	83,898
2010				347,476	249,911	152,356
2011					368,345	264,920
2012						390,466
Total	835,571	850,387	877,442	917,188	964,148	1,017,130

**Missouri Second Injury Fund  
Lost Wages Claims  
Discounted Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	504,106	307,564	185,235	115,508	69,818	43,880
2007	267,039	194,194	118,444	68,888	45,107	25,575
2008		283,076	205,857	125,558	73,025	47,816
2009			300,077	218,220	133,098	77,411
2010				318,099	231,326	141,092
2011					337,203	245,219
2012						357,455
Total	771,145	784,834	809,614	846,273	889,577	938,448

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1989	\$ -	\$ -	\$ -
1990	-	-	-
1991	-	-	-
1992	1,313	-	1,313
1993	51,636	-	51,636
1994	214,347	-	214,347
1995	210,996	-	210,996
1996	172,986	519	173,505
1997	-	-	-
1998	59,562	1,099	60,661
1999	225,543	9,301	234,844
2000	272,529	20,311	292,840
2001	291,464	28,041	319,505
2002	258,442	47,049	305,491
2003	177,496	54,952	232,448
2004	186,398	129,769	316,167
2005	81,586	222,715	304,301
2006	3,199	321,430	324,629
Total	\$2,207,498	\$ 835,184	\$ 3,042,683

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 7

Comparison of Ultimate Loss Estimates  
As of 12/31/2006

Accident Year	Paid Loss Development	Bornhuetter- Ferguson Using Exposures and Paid Loss	Straight Average	Ultimate Loss
	(1)	(2)	(3)	(4)
1989	\$ -		\$ -	\$ -
1990	-		-	-
1991	-		-	-
1992	1,313		1,313	1,313
1993	51,636		51,636	51,636
1994	214,347		214,347	214,347
1995	210,996		210,996	210,996
1996	173,505		173,505	173,505
1997	-	2,222	1,111	-
1998	60,661	64,333	62,497	60,661
1999	234,844	236,532	235,688	234,844
2000	292,840	292,925	292,883	292,840
2001	319,505	317,884	318,695	319,505
2002	305,491	305,341	305,416	305,491
2003	232,448	250,627	241,537	232,448
2004	313,264	316,167	314,716	316,167
2005	243,027	304,301	273,664	304,301
2006	41,893	324,629	183,261	324,629
Total	\$ 2,695,771	\$ 2,414,960	\$2,881,264	\$3,042,683

Selections:

AY 1989 - 2003 : Paid Loss Development

AY 2004 - 2006 : BF Method



Missouri Second Injury Fund  
Lost Wages Claims

LOST - 8

Ultimate Loss Based on Paid Loss Development  
As of 12/31/2006

Accident Year	Cumulative Paid Loss	Selected Development Factors	Cumulative Development Factors	Ultimate Loss (1) x (3)
	(1)	(2)	(3)	(4)
1989	\$ -	1.000	1.000	\$ -
1990	-	1.000	1.000	-
1991	-	1.000	1.000	-
1992	1,313	1.000	1.000	1,313
1993	51,636	1.000	1.000	51,636
1994	214,347	1.000	1.000	214,347
1995	210,996	1.000	1.000	210,996
1996	172,986	1.003	1.003	173,505
1997	-	1.006	1.009	-
1998	59,562	1.009	1.018	60,661
1999	225,543	1.022	1.041	234,844
2000	272,529	1.032	1.075	292,840
2001	291,464	1.020	1.096	319,505
2002	258,442	1.078	1.182	305,491
2003	177,496	1.108	1.310	232,448
2004	186,398	1.283	1.681	313,264
2005	81,586	1.772	2.979	243,027
2006	3,199	4.396	13.095	41,893
Total	\$2,207,498			\$2,695,771

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 9

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Paid Loss  
As of 12/31/2006

Accident Year	Exposures	Selected Loss Rate	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Loss Rate (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989				1.000	1.000	1.000	0.000		\$ -		
1990				1.000	1.000	1.000	0.000		-		
1991				1.000	1.000	1.000	0.000		-		
1992				1.000	1.000	1.000	0.000		1,313		
1993				1.000	1.000	1.000	0.000		51,636		
1994				1.000	1.000	1.000	0.000		214,347		
1995				1.000	1.000	1.000	0.000		210,996		
1996				1.003	1.003	0.997	0.003		172,986		
1997	71,024	3.500	248,585	1.006	1.009	0.991	0.009	2,222	-	2,222	0.031
1998	75,251	3.500	263,379	1.009	1.018	0.982	0.018	4,771	59,562	64,333	0.855
1999	79,274	3.500	277,459	1.022	1.041	0.960	0.040	10,989	225,543	236,532	2.984
2000	84,020	3.500	294,070	1.032	1.075	0.931	0.069	20,396	272,529	292,925	3.486
2001	86,010	3.500	301,034	1.020	1.096	0.912	0.088	26,420	291,464	317,884	3.696
2002	87,005	3.500	304,517	1.078	1.182	0.846	0.154	46,899	258,442	305,341	3.509
2003	88,385	3.500	309,346	1.108	1.310	0.764	0.236	73,131	177,496	250,627	2.836
2004	91,552	3.500	320,432	1.283	1.681	0.595	0.405	129,769	186,398	316,167	3.453
2005	95,790	3.500	335,266	1.772	2.979	0.336	0.664	222,715	81,586	304,301	3.177
2006	99,430	3.500	348,006	4.396	13.095	0.076	0.924	321,430	3,199	324,629	3.265
Total	857,741		\$ 3,002,094					\$ 858,741	\$2,207,498	\$ 2,414,960	

LOST - 10

Cumulative Paid Loss  
As of 12/31/2006

[illegible]

LOST - 11

Paid Loss Development  
As of 12/31/2006

[illegible]

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 12

Summary of Resolved Claim Counts  
As of 12/31/2006

Accident Year	Resolved Claims	Unresolved Claims	Ultimate Claims (1) + (2)
	(1)	(2)	(3)
1989	0	0	0
1990	0	0	0
1991	0	0	0
1992	2	0	2
1993	21	0	21
1994	76	0	76
1995	74	0	74
1996	46	0	46
1997	0	0	0
1998	30	0	30
1999	81	1	82
2000	98	4	102
2001	89	5	94
2002	105	14	119
2003	77	23	100
2004	61	40	101
2005	26	68	94
2006	1	95	96
Total	787	251	1,038

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 13

Comparison of Ultimate Claims Estimates  
As of 12/31/2006

Accident Year	Resolved Claim Development	Bornhuetter- Ferguson Using Exposures and Resolved Claims	Straight Average	Ultimate Claims
	(1)	(2)	(3)	(4)
1989	0		0	0
1990	0		0	0
1991	0		0	0
1992	2		2	2
1993	21		21	21
1994	76		76	76
1995	74		74	74
1996	46		46	46
1997	0	0	0	0
1998	30	30	30	30
1999	82	82	82	82
2000	102	101	102	102
2001	94	94	94	94
2002	119	115	117	119
2003	100	98	99	100
2004	107	101	104	101
2005	91	94	93	94
2006	21	96	58	96
Total	967	811	999	1,038

Selections:

AY 1989 - 2003 : Resolved Claim Development

AY 2004 - 2006 : BF Method

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 14

Ultimate Claims Based on Resolved Claim Development  
As of 12/31/2006

Accident Year	Cumulative Resolved Claims	Selected Development Factors	Cumulative Development Factors	Ultimate Claims (1) x (3)
	(1)	(2)	(3)	(4)
1989	0	1.000	1.000	0
1990	0	1.000	1.000	0
1991	0	1.000	1.000	0
1992	2	1.000	1.000	2
1993	21	1.000	1.000	21
1994	76	1.000	1.000	76
1995	74	1.000	1.000	74
1996	46	1.000	1.000	46
1997	0	1.000	1.000	0
1998	30	1.006	1.006	30
1999	81	1.009	1.015	82
2000	98	1.027	1.042	102
2001	89	1.016	1.059	94
2002	105	1.074	1.137	119
2003	77	1.146	1.303	100
2004	61	1.352	1.762	107
2005	26	1.987	3.500	91
2006	1	5.885	20.597	21
Total	787			967

Missouri Second Injury Fund  
Lost Wages Claims

LOST - 15

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Resolved Claims  
As of 12/31/2006

Accident Year	Exposures	Selected Frequency	Expected Claims (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Resolved to Ultimate Claims 1 / (5)	Ratio of Undeveloped Resolved to Ultimate Claims 1 - (6)	Undeveloped Resolved Claims (3) x (7)	Cumulative Resolved Claims	Ultimate Claims (8) + (9)	Calculated Frequency (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989				1.000	1.000	1.000	0.000		\$ -		
1990				1.000	1.000	1.000	0.000		-		
1991				1.000	1.000	1.000	0.000		-		
1992				1.000	1.000	1.000	0.000		2		
1993				1.000	1.000	1.000	0.000		21		
1994				1.000	1.000	1.000	0.000		76		
1995				1.000	1.000	1.000	0.000		74		
1996				1.000	1.000	1.000	0.000		46		
1997	71,024	0.001	71	1.000	1.000	1.000	0.000	-	-	-	0.000
1998	75,251	0.001	75	1.006	1.006	0.994	0.006	0	30	30	0.000
1999	79,274	0.001	79	1.009	1.015	0.985	0.015	1	81	82	0.001
2000	84,020	0.001	84	1.027	1.042	0.959	0.041	3	98	101	0.001
2001	86,010	0.001	86	1.016	1.059	0.944	0.056	5	89	94	0.001
2002	87,005	0.001	87	1.074	1.137	0.879	0.121	10	105	115	0.001
2003	88,385	0.001	88	1.146	1.303	0.768	0.232	21	77	98	0.001
2004	91,552	0.001	92	1.352	1.762	0.568	0.432	40	61	101	0.001
2005	95,790	0.001	96	1.987	3.500	0.286	0.714	68	26	94	0.001
2006	99,430	0.001	99	5.885	20.597	0.049	0.951	95	1	96	0.001
Total	857,741		\$ 858					\$ 243	\$ 787	\$ 811	



LOST - 16

Cumulative Resolved Claims  
As of 12/31/2006

[illegible]

LOST - 17

Resolved Claim Development  
As of 12/31/2006

[illegible]

## DEATH - 1

**Missouri Second Injury Fund**  
**Death Claims**  
**Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior			
1989	0	0	0
1990	4,000	4,000	0
1991	40,000	40,000	0
1992	77,419	77,419	0
1993	81,499	81,499	0
1994	160,847	160,847	0
1995	85,000	85,000	0
1996	0	0	0
1997	3,700	3,700	0
1998	0	0	0
1999	17,281	17,281	0
2000	0	0	0
2001	5,000	5,000	0
2002	0	0	0
2003	10,000	0	10,000
2004	20,000	0	20,000
2005	35,000	0	35,000
2006	35,000	0	35,000
Total	574,746	474,746	100,000

## DEATH - 2

**Missouri Second Injury Fund  
Death Claims  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident Year	Estimated Ultimate Loss (1)	Ultimate Payroll \$millions (2)	Ultimate Pure Premium (1)/(2) (3)
1988 & prior			
1989	0		
1990	4,000		
1991	40,000		
1992	77,419		
1993	81,499		
1994	160,847		
1995	85,000		
1996	0		
1997	3,700	71,024	0.05
1998	0	75,251	0.00
1999	17,281	79,274	0.22
2000	0	84,020	0.00
2001	5,000	86,010	0.06
2002	0	87,005	0.00
2003	10,000	88,385	0.11
2004	20,000	91,552	0.22
2005	35,000	95,790	0.37
2006	35,000	99,430	0.35
2007	35,000	103,209	0.34
2008	35,000	107,131	0.33
2009	35,000	111,201	0.31
2010	35,000	115,427	0.30
2011	35,000	119,813	0.29
2012	35,000	124,366	0.28
Assumed 2007 - 2012 Ultimate Loss		35,000	

[illegible]

**Missouri Second Injury Fund  
Death Claims  
Nominal Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	65,000	30,000	10,000	0	0	0
2007	35,000	35,000	20,000	10,000	0	0
2008		35,000	35,000	20,000	10,000	0
2009			35,000	35,000	20,000	10,000
2010				35,000	35,000	20,000
2011					35,000	35,000
2012						35,000
Total	100,000	100,000	100,000	100,000	100,000	100,000

**Missouri Second Injury Fund  
Death Claims  
Discounted Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	62,244	29,040	9,806	0	0	0
2007	31,926	33,203	19,234	9,806	0	0
2008		31,926	33,203	19,234	9,806	0
2009			31,926	33,203	19,234	9,806
2010				31,926	33,203	19,234
2011					31,926	33,203
2012						31,926
Total	94,170	94,170	94,170	94,170	94,170	94,170

Missouri Second Injury Fund  
Death Claims

DEATH - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1989	\$ -	\$ -	\$ -
1990	4,000	-	4,000
1991	40,000	-	40,000
1992	77,419	-	77,419
1993	81,499	-	81,499
1994	160,847	-	160,847
1995	85,000	-	85,000
1996	-	-	-
1997	3,700	-	3,700
1998	-	-	-
1999	17,281	-	17,281
2000	-	-	-
2001	5,000	-	5,000
2002	-	-	-
2003	-	10,000	10,000
2004	-	20,000	20,000
2005	-	35,000	35,000
2006	-	35,000	35,000
Total	\$ 474,746	\$ 100,000	\$ 574,746



## DEATH - 7

Cumulative Paid Loss  
As of 12/31/2006

[illegible]

**Missouri Second Injury Fund  
Rehab Claims  
Loss Reserves as of December 31, 2006**

Accident Year	Estimated Ultimate Loss (1)	Paid Loss @ 12/31/06 (2)	Estimated Reserve (1) - (3) (3)
1988 & prior			
1989	176,693	176,693	0
1990	124,586	124,586	0
1991	88,946	88,946	0
1992	101,746	101,746	0
1993	125,231	125,231	0
1994	145,291	145,291	0
1995	121,848	121,848	0
1996	132,745	132,745	0
1997	94,689	94,615	75
1998	125,199	124,907	292
1999	149,936	149,288	648
2000	159,124	158,120	1,004
2001	222,488	219,314	3,175
2002	240,214	233,155	7,059
2003	182,741	172,053	10,688
2004	163,188	144,121	19,067
2005	155,988	102,147	53,840
2006	168,146	17,531	150,614
Total	2,678,799	2,432,337	246,462

**Missouri Second Injury Fund  
Rehab Claims  
Accident Year 2007 - 2012 Ultimate Loss Projections**

Accident Year	Estimated Ultimate Loss (1)	Ultimate Payroll \$millions (2)	Ultimate Pure Premium (1)/(2) (3)
1988 & prior			
1989	176,693		
1990	124,586		
1991	88,946		
1992	101,746		
1993	125,231		
1994	145,291		
1995	121,848		
1996	132,745		
1997	94,689	71,024	1.33
1998	125,199	75,251	1.66
1999	149,936	79,274	1.89
2000	159,124	84,020	1.89
2001	222,488	86,010	2.59
2002	240,214	87,005	2.76
2003	182,741	88,385	2.07
2004	163,188	91,552	1.78
2005	155,988	95,790	1.63
2006	168,146	99,430	1.69
2007	184,950	103,209	1.79
2008	187,178	107,131	1.75
2009	189,434	111,201	1.70
2010	191,717	115,427	1.66
2011	194,027	119,813	1.62
2012	196,365	124,366	1.58
Assumed 2007 Pure Premium		1.79	
Assumed Annual Pure Premium Trend		-2.50%	

**Missouri Second Injury Fund  
Rehab Claims  
Calendar Year 2007 - 2012 Payment Projections**

Accident Year	Estimated Ultimate Loss (1)	Estimated Calendar Year Payments						Total Payments (8)
		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
		(2)	(3)	(4)	(5)	(6)	(7)	
2006 & prior	2,678,799	149,650	55,603	20,487	10,437	5,316	2,567	244,059
2007	184,950	29,307	97,891	36,353	10,582	5,382	2,796	182,311
2008	187,178		29,660	99,070	36,791	10,709	5,447	181,678
2009	189,434			30,018	100,264	37,234	10,838	178,355
2010	191,717				30,379	101,472	37,683	169,535
2011	194,027					30,745	102,695	133,440
2012	196,365						31,116	31,116
Total	3,822,469	178,957	183,154	185,928	188,453	190,859	193,142	1,120,493

**Missouri Second Injury Fund  
Rehab Claims  
Nominal Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	96,812	41,209	20,721	10,285	4,969	2,402
2007	155,643	57,752	21,399	10,817	5,435	2,639
2008		157,518	58,448	21,657	10,947	5,501
2009			159,416	59,152	21,918	11,079
2010				161,337	59,865	22,182
2011					163,281	60,586
2012						165,249
Total	252,454	256,479	259,984	263,248	266,416	269,639

**Missouri Second Injury Fund  
Rehab Claims  
Discounted Reserves at Year End 2007 - 2012**

Accident <u>Year</u>	Estimated Discounted Reserves at Year End					
	<u>2007</u> (1)	<u>2008</u> (2)	<u>2009</u> (3)	<u>2010</u> (4)	<u>2011</u> (5)	<u>2012</u> (6)
2006 & prior	91,962	38,937	19,601	9,742	4,711	2,282
2007	148,945	55,074	20,204	10,220	5,141	2,495
2008		150,740	55,737	20,447	10,344	5,203
2009			152,556	56,409	20,694	10,468
2010				154,395	57,089	20,943
2011					156,255	57,777
2012						158,138
Total	240,908	244,751	248,099	251,213	254,233	257,305

Missouri Second Injury Fund  
Rehab Claims

REHAB - 6

Summary of Losses and Reserves  
As of 12/31/2006

Accident Year	Paid Loss	Indicated Loss Reserves	Ultimate Loss (1) + (2)
	(1)	(2)	(3)
1989	\$ 176,693	\$ -	\$ 176,693
1990	124,586	-	124,586
1991	88,946	-	88,946
1992	101,746	-	101,746
1993	125,231	-	125,231
1994	145,291	-	145,291
1995	121,848	-	121,848
1996	132,745	-	132,745
1997	94,615	75	94,689
1998	124,907	292	125,199
1999	149,288	648	149,936
2000	158,120	1,004	159,124
2001	219,314	3,175	222,488
2002	233,155	7,059	240,214
2003	172,053	10,688	182,741
2004	144,121	19,067	163,188
2005	102,147	53,840	155,988
2006	17,531	150,614	168,146
Total	\$2,432,337	\$ 246,462	\$ 2,678,799

Missouri Second Injury Fund  
Rehab Claims

REHAB - 7

Comparison of Ultimate Loss Estimates  
As of 12/31/2006

Accident Year	Paid Loss Development	Bornhuetter- Ferguson Using Exposures and Paid Loss	Straight Average	Ultimate Loss
	(1)	(2)	(3)	(4)
1989	\$ 176,693		\$ 176,693	\$ 176,693
1990	124,586		124,586	124,586
1991	88,946		88,946	88,946
1992	101,746		101,746	101,746
1993	125,231		125,231	125,231
1994	145,291		145,291	145,291
1995	121,848		121,848	121,848
1996	132,745		132,745	132,745
1997	94,689	94,715	94,702	94,689
1998	125,199	125,223	125,211	125,199
1999	149,936	149,905	149,921	149,936
2000	159,124	159,074	159,099	159,124
2001	222,488	221,523	222,006	222,488
2002	240,214	237,757	238,986	240,214
2003	182,741	181,358	182,050	182,741
2004	162,978	163,188	163,083	163,188
2005	148,526	155,988	152,257	155,988
2006	110,636	168,146	139,391	168,146
Total	\$ 2,613,618	\$ 1,656,876	\$2,643,790	\$2,678,799

Selections:

AY 1989 - 2003 : Paid Loss Development

AY 2004 - 2006 : BF Method



Missouri Second Injury Fund  
Rehab Claims

REHAB - 8

Ultimate Loss Based on Paid Loss Development  
As of 12/31/2006

Accident Year	Cumulative Paid Loss	Selected Development Factors	Cumulative Development Factors	Ultimate Loss (1) x (3)
	(1)	(2)	(3)	(4)
1989	\$ 176,693	1.000	1.000	\$ 176,693
1990	124,586	1.000	1.000	124,586
1991	88,946	1.000	1.000	88,946
1992	101,746	1.000	1.000	101,746
1993	125,231	1.000	1.000	125,231
1994	145,291	1.000	1.000	145,291
1995	121,848	1.000	1.000	121,848
1996	132,745	1.000	1.000	132,745
1997	94,615	1.001	1.001	94,689
1998	124,907	1.002	1.002	125,199
1999	149,288	1.002	1.004	149,936
2000	158,120	1.002	1.006	159,124
2001	219,314	1.008	1.014	222,488
2002	233,155	1.016	1.030	240,214
2003	172,053	1.031	1.062	182,741
2004	144,121	1.065	1.131	162,978
2005	102,147	1.286	1.454	148,526
2006	17,531	4.340	6.311	110,636
Total	\$2,432,337			\$2,613,618

Missouri Second Injury Fund  
Rehab Claims

REHAB - 9

Ultimate Loss Based on Bornhuetter-Ferguson Using Exposures and Paid Loss  
As of 12/31/2006

Accident Year	Exposures	Selected Loss Rate	Expected Ultimate Loss (1) x (2)	Selected Development Factors	Cumulative Development Factors	Ratio of Cumulative Paid Loss to Ultimate Loss 1 / (5)	Ratio of Undeveloped Paid Loss to Ultimate Loss 1 - (6)	Undeveloped Paid Loss (3) x (7)	Cumulative Paid Loss	Ultimate Loss (8) + (9)	Calculated Loss Rate (10) / (1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1989				1.000	1.000	1.000	0.000		\$ 176,693		
1990				1.000	1.000	1.000	0.000		124,586		
1991				1.000	1.000	1.000	0.000		88,946		
1992				1.000	1.000	1.000	0.000		101,746		
1993				1.000	1.000	1.000	0.000		125,231		
1994				1.000	1.000	1.000	0.000		145,291		
1995				1.000	1.000	1.000	0.000		121,848		
1996				1.000	1.000	1.000	0.000		132,745		
1997	71,024	1.800	127,844	1.001	1.001	0.999	0.001	101	94,615	94,715	1.334
1998	75,251	1.800	135,452	1.002	1.002	0.998	0.002	316	124,907	125,223	1.664
1999	79,274	1.800	142,693	1.002	1.004	0.996	0.004	617	149,288	149,905	1.891
2000	84,020	1.800	151,236	1.002	1.006	0.994	0.006	954	158,120	159,074	1.893
2001	86,010	1.800	154,817	1.008	1.014	0.986	0.014	2,209	219,314	221,523	2.576
2002	87,005	1.800	156,609	1.016	1.030	0.971	0.029	4,602	233,155	237,757	2.733
2003	88,385	1.800	159,092	1.031	1.062	0.942	0.058	9,305	172,053	181,358	2.052
2004	91,552	1.800	164,793	1.065	1.131	0.884	0.116	19,067	144,121	163,188	1.782
2005	95,790	1.800	172,422	1.286	1.454	0.688	0.312	53,840	102,147	155,988	1.628
2006	99,430	1.800	178,974	4.340	6.311	0.158	0.842	150,614	17,531	168,146	1.691
Total	857,741		\$ 1,543,934					\$ 241,625	\$2,432,337	\$ 1,656,876	

## REHAB - 10

[illegible]

## REHAB - 11

Accident Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-Ult
1989	3.806	1.225	1.030	1.018	1.010	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990	3.545	1.228	1.080	1.113	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1991	2.977	1.158	1.042	1.026	1.017	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1992	3.163	1.324	1.066	1.015	1.026	1.003	1.000	1.000	1.004	1.000	1.016	1.000	1.000	1.000	1.000	1.000	1.000	
1993	2.849	1.217	1.034	1.033	1.007	1.007	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1994	4.184	1.175	1.081	1.019	1.004	1.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	2.753	1.126	1.055	1.032	1.028	1.002	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	3.366	1.260	1.129	1.113	1.002	1.009	1.001	1.000	1.012	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	4.098	1.217	1.106	1.083	1.014	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1998	5.670	1.301	1.132	1.043	1.028	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1999	2.968	1.647	1.072	1.053	1.013	1.006	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2000	5.598	1.457	1.034	1.027	1.002	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2001	6.167	1.327	1.034	1.019	1.021	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2002	4.189	1.232	1.061	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2003	3.264	1.226	1.085	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2004	4.267	1.231	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2005	4.585	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Avg	3.968	1.272	1.069	1.044	1.015	1.005	1.002	1.000	1.002	1.001	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Vol Wtd Avg	3.840	1.267	1.065	1.040	1.014	1.005	1.002	1.000	1.002	1.001	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Vol Wtd Avg Exc Hi/Lo	3.789	1.256	1.065	1.037	1.014	1.004	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 Yr Vol Wtd Avg	4.340	1.286	1.056	1.031	1.016	1.008	1.001	1.001	1.003									